

# **Estimates of Public Expenditure**

**2009**

## **Water Affairs and Forestry**

**National Treasury  
Republic of South Africa**



**ISBN: 978-2-621-38384-3**

**RP: 01/2009**

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Published by the National Treasury

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Printed by FormeSet Printers Cape (Pty) Ltd

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# Vote 34

## Water Affairs and Forestry

### Budget summary

R thousand	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	795 353	750 761	9 527	35 065	857 402	893 647
Water Resources Management	3 895 794	1 514 699	2 338 915	42 180	4 352 622	4 917 782
Water Services	2 717 039	706 558	982 579	1 027 902	2 560 240	3 068 585
Forestry	485 641	469 882	6 683	9 076	522 661	583 113
<b>Total expenditure estimates</b>	<b>7 893 827</b>	<b>3 441 900</b>	<b>3 337 704</b>	<b>1 114 223</b>	<b>8 292 925</b>	<b>9 463 127</b>
Executive authority	Minister of Water Affairs and Forestry					
Accounting officer	Director-General Water Affairs and Forestry					
Website address	<a href="http://www.dwaf.gov.za">www.dwaf.gov.za</a>					

### Aim

*The aim of the Department of Water Affairs and Forestry is to ensure the availability and supply of water at national level, facilitate equitable and sustainable social and economic development, ensure the universal and efficient supply of water services at local level, and promote the sustainable management of forests.*

### Programme purposes and objectives

#### Programme 1: Administration

**Purpose:** Provide policy leadership, advice and core support services, including finance, human resources, legal, information and management services, communication and corporate planning.

#### Programme 2: Water Resources Management

**Purpose:** Ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner for the benefit of all people.

#### Programme 3: Water Services

**Purpose:** Ensure that all people in South Africa have access to an adequate, sustainable, viable, safe, appropriate and affordable water and sanitation services, use water wisely, and practise safe sanitation.

#### Programme 4: Forestry

**Purpose:** Ensure the sustainable management of the department's plantations and indigenous forests, in order to realise their optimal social, environmental and economic benefits. Promote rural development through policy development, regulation, facilitation and monitoring and evaluation.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Water Affairs and Forestry is the custodian of South Africa's water and forestry resources and is responsible for formulating and implementing policy governing these two sectors. The department is also responsible for water and sanitation services delivered by local government.

### **Focus over the medium term**

Over the MTEF period, the department continues to focus on: meeting water and sanitation targets; managing South Africa's scarce water resources for long term sustainability; improving the regulatory and institutional environment; spearheading transformation in the water sector; supporting the development of water resources infrastructure; and growing the forestry sector and broadening participation through the implementation of the Forest Sector Transformation Charter.

### **Water**

Over the past 14 years, substantial progress has been made by the water sector in providing universal access to water and sanitation in South Africa. Access to basic water infrastructure has increased from 59 per cent in April 1994 to 88 per cent at the end of March 2008, and access to basic sanitation grew from 48 per cent to 73 per cent.

Despite these improvements, ongoing challenges include: coordinating the implementation of water policy within current intergovernmental structures and in the context of weak local government capacity; ensuring equity in access to water for domestic and productive uses; curbing unlawful water use; maintaining existing water resource infrastructure; enforcing raw and drinking water quality standards; and reducing forest fires through regulation.

#### *National water resource strategy*

The national water resource strategy is an assessment of the supply demand ratio in relation to water resources, and was initiated in 2004. The assessment is conducted on a five-yearly basis in each of South Africa's 19 water management areas. The national water resource strategy also proposes options for increasing the supply of water in each water management area. The national water resource strategy determines how water resources will be protected, used, managed and conserved. The strategy will be revised to reflect the current water situation in the country. Elevating the status of water as a scarce and vulnerable resource requires the department to strengthen its regulatory role, provide support and guidance to relevant stakeholders, and influence the behaviour of economic sectors. In ensuring that water supply is of the appropriate quality for consumption and productive use, the department is finalising the water classification system and regulations.

#### *Framework for ensuring growth and development in the water sector*

The framework for growth and development in the water sector, developed in 2008, aims to address specific challenges associated with water resource availability to enable projected economic growth and social service delivery programmes. The framework ensures water security up to 2030. It looks at a number of aspects of water, including its availability, usage, threats and people's behaviour. It is premised on the 6 per cent economic growth target, while aiming to ensure that every person in South Africa has access to safe drinking water. These two goals must be achieved without compromising the environmental sustainability of the resource. The department is undertaking rigorous studies on water reconciliation to achieve a balance in supply and demand for both water scarce areas as well as areas where there are high levels of use. As part of the implementation of the framework, the department will explore the conversion of single purpose dams that were originally built for agricultural purposes only, to accelerate the access to water by communities located near these dams.

#### *Water management institutions*

Through the institutional realignment project, the department has begun to rationalise water management institutions. The originally planned 19 catchment management agencies have been reduced to 9, and will fall under the department's leadership and control. One of the primary objectives of the institutional realignment project is to rationalise the number of institutions reporting to the Minister of Water Affairs and Forestry and the

department for effective regulation and accountability in the implementation of the National Water Act (1998) and the Water Services Act (1997). New proposals for institutional models have been developed, and are awaiting further consultation within the sector and approval within the department. It is anticipated that these processes will be completed in 2009. These rationalised and streamlined institutions will ensure that water resources infrastructure will be developed, operated and maintained in a way that takes into account enterprise wide risk management, improved asset maintenance and management programmes; and improved revenue management.

#### *Water services*

In addition to the framework on water for growth and development, the implementation of the strategic framework for water services continues. Water service functions are performed by the water services authorities, municipalities designated as water service authorities in terms of the Water Services Act. There are 145 water service authorities and it is the duty of each one to ensure that all citizens within its area of jurisdiction have efficient, economical affordable and sustainable water services in terms of section 11 of the Water Services Act (1997). The significant developments in the sector since the act was passed, such as recent policy and legislation as well as legal developments, particularly in the sphere of local government, have prompted the need for a review of the act. The new National Water Services Bill has been drafted and is currently awaiting the completion of the restructuring of a number of catchment management agencies.

#### **Forestry**

In consultation with the industry, the department has developed a draft forestry strategy, which will serve as a roadmap for the effective and sustainable development of all forestry resources. The strategy will help the forestry sector to address its constraints and challenges and contribute to job creation and the conservation of biological diversity.

A number of strategic interventions were identified in the draft forestry strategy. These include expanding South African forests through afforestation, securing the supply for downstream processing capacity, promoting the participation of rural and disadvantaged communities in the sector, improving skills development, supporting the conservation of the biological diversity of forests, along with environmental sustainability, building the profile of forestry as a sector, and facilitating the sustained availability of timber.

The Forestry Sector Charter was signed in May 2008, following extensive consultation with the industry, labour and other stakeholders. The charter aims to increase the participation of historically disadvantaged individuals and enterprises in the forestry value chain, thus contributing to transformation and poverty alleviation. Over the medium term, the department will implement the charter by accelerating the development of viable enterprises that comply with broad based black economic empowerment (BEE) charter targets and fast tracking forest enterprise development projects.

## **Selected performance and operations indicators**

**Table 34.1 Water Affairs and Forestry**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of additional people provided with basic water supply by water services authorities	Water Services	1 million	1.25 million	1.27 million	1.08 million	1.2 million	1.2 million	1.2 million
Number of additional people provided with basic sanitation by water services authorities	Water Services	710 000	960 000	1.1 million	1 1 million	1.3 million	2 million	2 million
Number of new water management areas in which compulsory licensing processes have been completed	Water Resources Management	–	–	–	2	5	5	
Number of additional schools with no services provided with safe water supply and sanitation services	Water Services	–	–	120	1 434	1 200		

**Table 34.1 Water Affairs and Forestry (continued)**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Percentage of population with access to free basic water services	Water Services	71%	74.4%	76.8%	82%	89%	95%	100%
Number of bulk infrastructure schemes implemented	Water Services	–	–	31	32	45	49	53
Number of new reconciliation strategies developed to ensure water security	Water Resources Management	–	–	3	5	8	10	10
Number of additional water monitoring stations managed for data collection	Water Resources Management	1 600	1 600	1 600	2 000	2 050	2 200	3 000
Number of water licences issued each year	Water Resources Management	254	185	90	80	200	250	350
Number of additional rainwater harvesting tanks distributed	Water Resources Management	–	54	500	300	5 000	10 000	20 000
Number of additional resource poor farmers supported through subsidies	Water Resources Management	–	–	300	30	360	450	500
Total number of municipalities implementing water conservation and water demand management	Water Resources Management	–	–	8	50	80	100	150
Number of additional forest enterprise development projects supported by the department	Forestry	45	33	26	44	62	80	98
Number of additional hectares planted (afforestation)	Forestry	1 100	1 230	542	5 000	8 000	10 000	10 000
Number of trees planted in the Million Trees programme each year	Forestry	100 000	275 000	899 000	1 million	1 million	1 million	1 million
Number of additional license applications processed in terms of National Forests Act (1998)	Forestry	700	740	800	865	865	865	1 000
Percentage hectares of high and medium fire risk areas covered by registered fire protection associations (measured out of a total of 86 million hectares)	Forestry	5% (4.3 million)	20% (17.2 million)	35% (30.1 million)	45% (38.7 million)	60% (51.6 million)	70% (60.2 million)	80% (68.8 million)

## Expenditure estimates

**Table 34.2 Water Affairs and Forestry**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
1. Administration	365 255	537 173	601 181	591 686	585 786	795 353	857 402	893 647
2. Water Resources Management	1 506 793	1 872 479	2 466 212	3 528 112	3 028 112	3 895 794	4 352 622	4 917 782
3. Water Services	1 510 998	1 454 758	1 866 926	2 423 844	2 363 844	2 717 039	2 560 240	3 068 585
4. Forestry	420 919	441 240	451 077	492 974	488 974	485 641	522 661	583 113
<b>Total</b>	<b>3 803 965</b>	<b>4 305 650</b>	<b>5 385 396</b>	<b>7 036 616</b>	<b>6 466 716</b>	<b>7 893 827</b>	<b>8 292 925</b>	<b>9 463 127</b>
Change to 2008 Budget estimate				337 340	(232 560)	(75 784)	349 095	1 037 435

### Economic classification

	2 422 605	2 820 138	2 854 189	3 240 009	3 234 109	3 441 900	4 217 879	4 719 327
<b>Current payments</b>								
Compensation of employees	1 128 641	1 226 416	1 162 630	1 332 383	1 326 483	1 327 863	1 314 086	1 399 588
Goods and services	1 290 477	1 582 431	1 686 583	1 906 884	1 906 884	2 113 255	2 902 964	3 318 860
<i>of which:</i>								
Administrative fees	4 875	6 110	6 529	8 061	8 061	6 760	10 158	10 531
Advertising	9 093	12 558	11 223	8 054	8 054	12 250	13 275	13 530
Assets less than R5 000	12 801	17 216	18 043	36 762	36 762	29 344	31 491	33 182
Audit costs: External	8 452	12 215	13 826	9 240	9 240	–	–	–

Table 34.2 Water Affairs and Forestry (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
<b>Economic classification</b>								
<b>Current payments</b>	<b>2 422 605</b>	<b>2 820 138</b>	<b>2 854 189</b>	<b>3 240 009</b>	<b>3 234 109</b>	<b>3 441 900</b>	<b>4 217 879</b>	<b>4 719 327</b>
<i>Bursaries: Employees</i>	3 963	12 867	7 143	8 171	8 171	13 081	13 587	14 095
<i>Catering: Departmental activities</i>	1 116	3 768	5 768	8 002	8 002	5 516	9 921	10 434
<i>Communication</i>	40 669	47 726	48 359	25 102	25 102	41 284	61 091	64 018
<i>Computer services</i>	75 154	113 020	124 005	98 931	98 931	32 324	34 933	39 127
<i>Consultants and professional services: Business and advisory services</i>	397 218	196 694	227 389	371 082	371 082	286 185	542 137	799 939
<i>Consultants and professional services: Infrastructure and planning</i>	116 037	280 541	355 019	464 119	464 119	532 980	684 074	756 268
<i>Consultants and professional services: Laboratory service</i>	36	2 368	1	50	50	330	2 261	2 372
<i>Consultants and professional services: Legal costs</i>	6 665	1 001	3 484	85	85	3 510	3 707	3 908
<i>Contractors</i>	20 655	54 661	27 254	39 635	39 635	327 378	369 213	374 091
<i>Agency and support / outsourced services</i>	69 140	223 936	243 732	265 156	265 156	218 656	276 432	301 735
<i>Entertainment</i>	340	568	218	2 522	2 522	1 175	2 708	2 817
<i>Inventory: Food and food supplies</i>	5 331	4 432	4 595	640	640	3 814	4 999	5 312
<i>Inventory: Fuel, oil and gas</i>	19 474	32 617	18 434	17 862	17 862	14 882	38 586	40 583
<i>Inventory: Learner and teacher support material</i>	–	–	–	2 177	2 177	1 755	3 861	4 056
<i>Inventory: Materials and supplies</i>	50 394	32 031	26 791	17 720	17 720	15 913	30 037	31 625
<i>Inventory: Medical supplies</i>	151	162	175	143	143	284	294	311
<i>Inventory: Other consumables</i>	15 539	57 821	51 867	28 543	28 543	17 389	24 023	25 453
<i>Inventory: Stationery and printing</i>	26 125	27 712	28 999	30 215	30 215	31 177	39 156	40 969
<i>Lease payments</i>	33 208	17 217	15 615	88 522	88 522	10 635	22 849	24 495
<i>Owned and leasehold property expenditure</i>	106 807	115 273	153 571	111 469	111 469	154 199	183 998	194 531
<i>Transport provided: Departmental activities</i>	117	56	803	509	509	3 176	3 383	3 449
<i>Travel and subsistence</i>	252 245	289 405	264 453	192 149	192 149	225 292	395 927	418 890
<i>Training and development</i>	6 761	12 020	19 922	37 344	37 344	107 358	80 121	81 204
<i>Operating expenditure</i>	4 001	5 690	6 161	11 284	11 284	9 237	11 382	12 060
<i>Venues and facilities</i>	4 110	2 746	3 204	23 335	23 335	7 371	9 360	9 875
<i>Interest and rent on land</i>	158	847	1 278	742	742	782	829	879
<i>Financial transactions in assets and liabilities</i>	3 329	10 444	3 698	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>951 389</b>	<b>1 385 315</b>	<b>2 052 568</b>	<b>3 267 998</b>	<b>2 767 998</b>	<b>3 337 704</b>	<b>3 102 351</b>	<b>3 120 380</b>
<i>Provinces and municipalities</i>	167 808	386 680	732 926	994 716	994 716	978 579	570 000	380 000
<i>Departmental agencies and accounts</i>	670 163	827 377	1 190 161	2 196 898	1 696 898	2 120 122	2 294 685	2 498 534
<i>Universities and technikons</i>	–	–	–	–	–	5 000	–	–
<i>Public corporations and private enterprises</i>	96 383	121 703	41 737	2 700	2 700	2 683	2 837	3 008
<i>Foreign governments and international organisations</i>	–	3 500	510	572	572	180 100	180 100	180 100
<i>Non-profit institutions</i>	2	150	350	387	387	440	465	494
<i>Households</i>	17 033	45 905	86 884	72 725	72 725	50 780	54 264	58 244
<b>Payments for capital assets</b>	<b>429 971</b>	<b>100 197</b>	<b>478 639</b>	<b>528 609</b>	<b>464 609</b>	<b>1 114 223</b>	<b>972 695</b>	<b>1 623 420</b>
<i>Buildings and other fixed structures</i>	381 115	23 567	330 957	418 559	358 559	1 016 732	892 881	1 537 115
<i>Machinery and equipment</i>	35 363	65 271	44 475	59 041	55 041	68 089	64 492	69 953
<i>Biological and cultivated assets</i>	30	–	165	–	–	–	–	–
<i>Software and other intangible assets of which: Capitalised compensation</i>	13 463	11 359	103 042	51 009	51 009	29 402	15 322	16 352
	188 225	–	–	–	–	–	–	–
<b>Total</b>	<b>3 803 965</b>	<b>4 305 650</b>	<b>5 385 396</b>	<b>7 036 616</b>	<b>6 466 716</b>	<b>7 893 827</b>	<b>8 292 925</b>	<b>9 463 127</b>

## Expenditure trends

Transfers and subsidies to departmental agencies for the construction of water resource infrastructure dominate expenditure in the department's budget. Total expenditure increased from R3.8 billion in 2005/06 to R7 billion in 2008/09 at an average annual rate of 22.8 per cent. This strong growth is driven by increases in transfers and subsidies for the De Hoop Dam project, the Working for Water programme, and the development of the other bulk infrastructure in the water services industry. R260 million was rolled over from 2007/08 to 2008/09 due to delays in obtaining the environmental impact assessment for the De Hoop Dam project.

Departmental expenditure is expected to increase from R7 billion in 2008/09 to R9.5 billion in 2011/12 at an average annual rate of 10.4 per cent due to additional allocations for:

- Working for Water (R100 million for 2010/11 and R300 million for 2011/12)
- Working on Fire programmes (R50 million in 2010/11 and R100 million in 2011/12)
- continued development of bulk infrastructure (R200 million in 2010/11 and R800 million in 2011/12)
- inflation related adjustments (R139.6 million in 2009/10, R234.7 million in 2010/11, R291.7 million in 2011/12)
- capacity building (R25 million in 2010/11 and R30 million in 2011/12)
- support to forestry sector projects (R30 million in 2011/12).

The *Water Resource Management* programme is the largest programme in the department and comprises 49.4 per cent of the department's budget in 2009/10. The programme finances bulk infrastructure, and grew at an average annual rate of 32.8 per cent between 2005/06 and 2008/09, from R1.5 billion to R3.5 billion. This high growth rate is attributable to additional allocations, which were provided for the infrastructure development programme, which consists of: the Olifants River water resources development project, the dam safety rehabilitation programme, the Nwamitwa Dam, the Mokolo River augmentation, the Mzimkulu Dam, raising the Clanwilliam and Hazelmere dams, and extending the lower Sundays River.

Expenditure on compensation of employees increased in line with inflation between 2005/06 and 2008/09, growing at an annual average rate of 5.7 per cent. It is expected to increase at an average annual rate of 1.7 per cent over the MTEF period to R1.4 billion as the department transfers staff to municipalities as a result of the transfer of water schemes.

Between 2005/06 and 2008/09, goods and services increased by 13.9 per cent due to the increases in expenditure on consultants to implement infrastructure projects comprising dams, bulk infrastructure, and the water and sanitation services at schools and clinics.

### Savings and reprioritisation

Efficiency savings of R233.1 million were identified over the 2008 MTEF period: R49.3 million in 2008/09, R79.1 million in 2009/10, and R104.8 million in 2010/11. For the 2009 MTEF period, efficiency savings have been increased to R732.2 million: R207.5 million in 2009/10, R248.1 million in 2010/11, and R276.7 million in 2011/12. The bulk of savings are in goods and services across all programmes and in transfers to agencies.

### Infrastructure spending

#### *Mega infrastructure projects and programmes (over R300m)*

The allocations for the implementation phase of the De Hoop Dam project will be fully provided in the department's budget for the Olifants River water resource development project. For subsequent phases, a portion of the allocation will be provided from the financial markets in accordance with cost responsibilities attributable to commercial users.

**Olifants River water resource development project phase 2A:** The De Hoop Dam project aims to provide water to various communities in the Nebo Plateau area, and to mines and industry. So far, the relocation of graves has been completed, a site office has been established, and the realignment of the P-169 (R555) road is under way.

**Olifants River water resource development project phase 2B-2I:** This bulk infrastructure project aims to develop distribution links to Steelpoort, Olifantspoort, the Lebalelo water users association, Roosenekal, Jane Furse, and the Nebo Plateau and Mokopane areas. A record of implementation decisions for phases 2B to 2D and 2H was issued to the Department of Water Affairs and Forestry. A draft directive to the Trans-Caledon Tunnel Authority has been prepared to fund and implement the commercial component of phases 2B to 2I. The Minister of Water Affairs and Forestry has approved and signed the memorandum of agreement addendum with individual mines and the Joint Water Forum, and a process has been initiated to draw up the associated off take agreements with the water users, which are a prerequisite for secure project funding from the private sector.

**Dam safety rehabilitation programme:** This programme provides for the rehabilitation of 160 dams in all the provinces. Over the MTEF period, 59 dams will be prioritised. The project started in 2007/08 with 7 dams. Progress on the programme has been satisfactory.

*Large infrastructure projects and programmes (between R50 million and R300 million)*

- Nandoni water treatment works and distribution scheme (60 mega litres/day) aims to supply water to the Vhembe district municipality. So far, civil structures of the water treatment works have been completed to allow access for work on the mechanical contracts. Civil work on 3 pump stations is complete. Construction of reservoir NR6 has been completed to roof level. The construction of a reservoir at Valdezia has begun.
- Nwamitwa Dam aims to provide an additional yield of 50 million m<sup>3</sup> per year to meet growing primary water supply requirements projected to 2025. This dam is still in the design phase, with geotechnical investigations, the development of the civil engineering plan for bulk infrastructure, and the scoping phase of the environmental impact assessment still under way.
- Mokolo River augmentation aims to supply 45 million m<sup>3</sup> per year to augment the water supply to Matimba power station, Grootegeluk mine and Lephalale municipality, and for irrigation downstream of the dam. For phase 1 of the project, designs of a new pipeline from the Mokolo Dam to Lephalale are being drafted.
- Mzimkulu River off-channel storage dam will ensure a reliable water supply to the northern part of the lower south coast in dry periods.
- The raising of Clanwilliam dam will provide an additional yield of 10 million m<sup>3</sup> per year.
- The lower Sundays River government water scheme extension will extend the scheme to expand irrigation, with an emphasis on establishing and supporting resource poor farmers in identified areas.
- Inyaka pump station and water treatment works aims to provide reliable water supply of around 50 mega litres/day to the Bohlabela district municipality.

*Smaller infrastructure projects (below R50 million)*

The following small infrastructure projects are under way:

- Hluhluwe regional water scheme involves the construction of reservoirs and pipelines (12 mega litres/day)
- The raising of the Hazelmere Dam will augment the water supply to Umgeni Water.

## **Departmental receipts**

Receipts exclude income from water related sales, which is paid into the water trading entity. Receipts accounted for as departmental revenue include the repayment of loans granted to water boards, water user associations and local governments, interest on these loans, and revenue from the sale of wood and wood products. The increase in revenue between 2005/06 and 2006/07 is due to a once-off payment made by the Bloem Water Board to settle its loan. For 2008/09, the department is expected to collect revenue of R92 million, of which R40.1 million is from the sale of timber, R27.5 million from interest accruing on short term investments, and R24.4 million from the repayment of loans by irrigation and water boards. Revenue is expected to decrease from R92 million in 2008/9 to R83.9 million in 2011/12 because of anticipated reductions in the sale of timber.

**Table 34.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>129 308</b>	<b>183 624</b>	<b>39 142</b>	<b>92 031</b>	<b>92 031</b>	<b>91 567</b>	<b>90 729</b>	<b>83 892</b>
Sales of goods and services produced by department	48 861	51 365	41 987	40 081	40 081	39 221	37 475	33 782
Sales of scrap, waste, arms and other used current goods	202	14	64	6	116	56	56	56
Fines, penalties and forfeits	6	1	–	–	–	–	–	–
Interest, dividends and rent on land	31 652	27 507	6 294	27 544	27 582	27 040	26 642	26 104
Sales of capital assets	34	473	255	–	–	–	–	–
Financial transactions in assets and liabilities	48 553	104 264	(9 458)	24 400	24 252	25 250	26 556	23 950
<b>Total</b>	<b>129 308</b>	<b>183 624</b>	<b>39 142</b>	<b>92 031</b>	<b>92 031</b>	<b>91 567</b>	<b>90 729</b>	<b>83 892</b>

## Programme 1: Administration

### Expenditure estimates

**Table 34.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Minister <sup>1</sup>	923	1 078	1 501	1 612	1 709	1 811	1 913
Management	27 559	81 905	134 603	92 070	199 358	206 522	204 215
Corporate Services	118 783	174 969	196 703	186 358	269 983	280 410	292 765
Information Services	74 913	129 700	102 125	81 822	86 336	91 380	96 875
Property Management	86 877	91 021	105 952	119 967	138 331	156 000	165 438
Financial Management	56 200	58 500	60 297	109 857	99 636	121 279	132 441
<b>Total</b>	<b>365 255</b>	<b>537 173</b>	<b>601 181</b>	<b>591 686</b>	<b>795 353</b>	<b>857 402</b>	<b>893 647</b>
Change to 2008 Budget estimate				4 990	146 699	157 588	146 612

1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

#### Economic classification

	337 232	471 088	514 587	558 667	750 761	813 074	844 749
<b>Current payments</b>							
Compensation of employees	105 605	113 495	141 047	203 516	256 681	288 447	304 564
Goods and services	231 627	347 149	373 540	355 151	494 080	524 627	540 185
<i>of which:</i>							
Administrative fees	1 735	1 587	2 154	3 398	2 180	2 286	2 298
Advertising	5 925	6 827	4 451	3 406	7 644	7 707	7 773
Assets less than R5 000	2 683	3 335	4 274	741	6 584	7 062	7 492
Audit costs: External	8 452	12 144	13 826	8 700	–	–	–
Bursaries: Employees	3 142	12 559	7 086	7 593	12 889	13 377	13 873
Catering: Departmental activities	26	324	1 562	3 442	460	501	539
Communication	9 471	11 294	15 596	2 602	15 010	15 254	15 606
Computer services	59 390	99 932	87 167	66 606	9 627	10 181	11 493
Consultants and professional services:	4 354	43 196	52 013	51 133	78 976	89 491	95 190
Business and advisory services							
Consultants and professional services:	306	157	–	–	65 774	96 720	87 724
Infrastructure and planning							
Consultants and professional services:	6 650	989	3 066	5	3 505	3 707	3 908
Legal costs							

Table 34.4 Administration (continued)

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	appropriation	2009/10	2010/11	2011/12
R thousand				2008/09			
<b>Economic classification</b>							
<b>Current payments</b>	<b>337 232</b>	<b>471 088</b>	<b>514 587</b>	<b>558 667</b>	<b>750 761</b>	<b>813 074</b>	<b>844 749</b>
<i>Contractors</i>	1 385	1 814	2 215	2 365	3 456	3 624	3 761
<i>Agency and support / outsourced services</i>	2 388	16 696	12 651	15 892	38 592	40 910	43 405
<i>Entertainment</i>	243	536	138	2 190	791	817	867
<i>Inventory: Food and food supplies</i>	1 396	1 373	2 016	33	2 842	3 041	3 250
<i>Inventory: Fuel, oil and gas</i>	11	38	–	–	74	78	83
<i>Inventory: Materials and supplies</i>	116	186	1 477	2 628	546	549	552
<i>Inventory: Medical supplies</i>	38	–	6	–	2	2	2
<i>Inventory: Other consumables</i>	890	864	1 168	1 124	732	735	866
<i>Inventory: Stationery and printing</i>	11 089	15 564	14 131	11 431	15 771	16 628	17 682
<i>Lease payments</i>	2 811	2 887	2 614	15 330	57	100	146
<i>Owned and leasehold property expenditure</i>	86 959	91 399	107 755	105 543	150 464	162 141	171 587
<i>Transport provided: Departmental activities</i>	–	–	34	–	2 821	2 855	2 892
<i>Travel and subsistence</i>	16 359	20 757	25 988	17 437	28 974	30 180	31 905
<i>Training and development</i>	2 459	1 465	9 537	21 968	44 520	14 714	15 025
<i>Operating expenditure</i>	635	1 071	1 551	412	893	1 020	1 161
<i>Venues and facilities</i>	2 714	155	1 064	11 172	896	947	1 105
<i>Financial transactions in assets and liabilities</i>	–	10 444	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>8 823</b>	<b>28 826</b>	<b>57 529</b>	<b>11 055</b>	<b>9 527</b>	<b>4 596</b>	<b>4 662</b>
<i>Provinces and municipalities</i>	333	98	1	–	–	–	–
<i>Departmental agencies and accounts</i>	–	356	647	1 055	1 027	1 096	1 162
<i>Universities and technikons</i>	–	–	–	–	5 000	–	–
<i>Households</i>	8 490	28 372	56 881	10 000	3 500	3 500	3 500
<b>Payments for capital assets</b>	<b>19 200</b>	<b>37 259</b>	<b>29 065</b>	<b>21 964</b>	<b>35 065</b>	<b>39 732</b>	<b>44 236</b>
<i>Buildings and other fixed structures</i>	5 151	5 459	14 361	3 342	3 439	3 645	3 865
<i>Machinery and equipment</i>	4 343	25 563	13 459	18 542	21 759	25 406	29 039
<i>Software and other intangible assets</i>	9 706	6 237	1 245	80	9 867	10 681	11 332
<b>Total</b>	<b>365 255</b>	<b>537 173</b>	<b>601 181</b>	<b>591 686</b>	<b>795 353</b>	<b>857 402</b>	<b>893 647</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>333</b>	<b>98</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<i>Regional Services Council levies</i>	333	98	1	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>–</b>	<b>356</b>	<b>647</b>	<b>1 055</b>	<b>1 027</b>	<b>1 096</b>	<b>1 162</b>
<i>Energy Sector Education Training Authority</i>	–	356	647	1 055	1 027	1 096	1 162
<b>Universities and technikons</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5 000</b>	<b>–</b>	<b>–</b>
<i>Water and Forestry Learning Academy: Bursaries</i>	–	–	–	–	5 000	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>8 490</b>	<b>28 372</b>	<b>56 881</b>	<b>10 000</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>
<i>Social benefits</i>	8 490	28 372	56 881	10 000	–	–	–
<i>Leave gratuities</i>	–	–	–	–	2 000	2 000	2 000
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>
<i>Disbursements: Poverty campaign</i>	–	–	–	–	1 000	1 000	1 000
<i>Disbursements: Youth programmes</i>	–	–	–	–	500	500	500

## Expenditure trends

Expenditure in the *Administration* programme increased from R365.3 million in 2005/06 to R591.7 million in 2008/09 at an average annual rate of 17.4 per cent. This was mainly due to the devolution of funds from the Department of Public Works, and for hiring additional staff to strengthen the financial management function of the department. Compensation of employees grew by 24.4 per cent between 2005/06 and 2008/09 due to the relocation of support staff from the various programmes to the *Management* subprogramme.

Expenditure in the *Information Services* subprogramme increased by 73.2 per cent from R74.9 million in 2005/06 to R129.7 million in 2006/07 for upgrading and replacing IT infrastructure. This contributes to the increased expenditure in payments for capital assets, which grows at an average annual rate of 4.6 per cent between 2005/06 and 2008/09.

Over the MTEF period, expenditure on this programme is expected to increase at an average annual rate of 14.7 per cent, from R591.7 million in 2008/09 to R893.6 million in 2011/12, driven by the implementation of a master systems plan, and further provisions for skills development, building maintenance, employee wellness and the operations of the learning academy.

## Programme 2: Water Resources Management

- *Equitable Supply* covers the policy, planning and regulatory functions required to ensure the reliable and equitable supply of water for sustainable economic and social development, including the eradication of poverty. This includes assessing available water in particular areas and developing strategies to enable supply to meet demand. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Sustainable Supply* is responsible for the provision of a reliable and equitable supply of bulk water, water conservation and demand management, as well as the working for water and working on fire programmes for sustainable economic and social development, including the eradication of poverty. Funding is provided on the basis of the departmental mandate to ensure the availability of sustainable water resources for social and economic needs. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Protection Policies* covers the policy, planning and regulatory functions required to ensure the protection of water resources, such as developing a system for classifying water resources as required by the National Water Act (1998). Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Protection Measures* initiates and supports the implementation of measures to protect water resources, such as pollution protection measures or ensuring sufficient water for the aquatic ecosystem to function properly.
- *Institutional Regulation* provides policy and strategy support for developing and establishing effective water management institutions (catchment management agencies and water user associations), and includes revenue collection from water use charges. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Institutional Development* ensures that effective water management institutions are developed in the regions. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Strategic Alignment* ensures that policies and strategies are internally consistent and aligned with relevant external policies and legislation. It develops and maintains monitoring and information systems, and promotes capacity building among water resource management practitioners and stakeholders. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Stakeholder Empowerment* develops empowered, skilled and representative staff, and capacitates stakeholders and the general public to achieve integrated water resource management. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.

- *African Cooperation* promotes integrated water resource management globally, particularly in Africa in support of the New Partnership for Africa's Development (NEPAD). Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water Resource Administration* provides management and administrative support services to the programme in the national office. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water Resource Support* provides support services to the programme in the regions, namely human resources, financial management and general administration. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Operations of Water Resources* provides for the augmentation of the water trading entity to ensure the effective management of water resources and the sustainable operation and management of bulk water infrastructure. Funding is provided on the basis of approved business plans.
- *Infrastructure Development and Rehabilitation* provides for the design, construction and commissioning of new water resource infrastructure, as well as the rehabilitation of existing infrastructure to ensure the safety and functionality of departmental dams and related infrastructure. Funding is provided on the basis of ensuring proper asset management over time, and projected future demands.

### **Objectives and measures**

- Ensure that water resources are allocated to promote social and economic development by completing compulsory licence processes in 3 catchment management areas (Umhlathuze, Jan Dissels and Inkomati) in 2009/10.
- Ensure that available water is used efficiently by implementing a programme on conservation and demand management, among others, in 2009/10.
- Maintain a reliable and equitable supply of water by completing the revision of the national water resource strategy in 2009/10.
- Ensure that the quality of water resources meets the needs of all consumers by implementing the water quality management programme and regulating it in 3 water management areas (Vaal, Crocodile West, Marico and Olifants) in 2009/10.
- Regulate the efficient use of water resources by implementing the water for growth and development framework by 2009/10.
- Improve regional water resources management by:
  - ensuring that shared water resources are managed in collaboration with neighbouring states by 2010/11 by establishing the Orange Senqu River Commission's secretariat and undertaking international water resource management plans for shared watercourses with Mozambique, Botswana and Swaziland.
  - participating in regular policy and strategy development exercises in the African Ministers' Council on Water and SADC (ministerial participation in 2 meetings a year, and director-general participation in the council's technical committee each quarter).
- Respond and adapt to climate change impact through improving water resources information management by refurbishing existing river flow gauging stations and implementing new ones by 2010/11.

### **Service delivery and spending focus**

Commissioning of the Vaal River eastern subsystem augmentation project continues, and delivery started in December 2008 by using the temporary abstraction works. Permanent abstraction works will be commissioned in 2010/11.

The construction of the Berg River project is complete, and the impoundment of water in the dam started in July 2007. The phase 2A construction of the Olifants River water resources development project began in June 2007, and construction of the road realignment project is on schedule for completion in the first half of 2009. The minister issued a directive to the Trans-Caledon Tunnel Authority to implement this project and procure the funding. Further directives have been issued to the authority to fund and implement the Mooi-Mgeni phase 2

transfer scheme, which includes building the Spring Grove Dam and implementing the Komati water augmentation scheme.

Policy related achievements in 2007/08 include the completion of: a strategy and national programme for water conservation and demand management, draft regulations for the water classification system, and best practice guidelines for water quality management.

2 water allocation plans and a framework for allocation have been developed to streamline compulsory licensing processes in three catchments: Umhlathuze, Jan Dissels and Inkomati. Streamlining the water use authorisation process, including the development and rollout of the water use licence authorisation tracking system, was completed in 2007/08.

The Breede-Overberg catchment management area is functional. A chief executive officer has been appointed and water resources management staff have been seconded to the catchment management agency.

Over the medium term, the department will continue to develop water resource infrastructure and implement the institutional realignment project.

## Expenditure estimates

**Table 34.5 Water Resources Management**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Equitable Supply	132 746	230 834	155 524	165 265	394 442	409 655	442 587
Sustainable Supply	32 584	346 299	648 337	651 672	622 852	827 384	1 110 050
Protection Policies	34 310	35 490	35 680	39 914	46 697	54 308	60 924
Protection Measures	2 149	1 747	2 512	2 841	2 940	3 222	3 416
Institutional Regulation	12 300	25 035	25 334	30 107	49 219	71 074	84 760
Institutional Development	12 725	7 618	2 532	3 989	17 328	18 686	20 539
Strategic Alignment	95 115	112 002	147 094	149 874	170 452	191 945	207 930
Stakeholder Empowerment	120 192	145 745	138 194	141 743	144 743	148 786	165 180
African Cooperation	10 626	10 020	9 668	23 010	9 742	10 581	11 530
Water Resource Administration	21 613	23 915	21 329	24 249	23 154	28 251	29 040
Water Resource Support	95 948	81 258	94 143	103 593	137 189	155 370	163 768
Operations of Water Resources	653 178	310 988	283 553	316 233	107 835	140 021	167 137
Infrastructure Development and Rehabilitation	283 307	541 528	902 312	1 875 622	2 169 201	2 293 339	2 450 921
<b>Total</b>	<b>1 506 793</b>	<b>1 872 479</b>	<b>2 466 212</b>	<b>3 528 112</b>	<b>3 895 794</b>	<b>4 352 622</b>	<b>4 917 782</b>
Change to 2008 Budget estimate				289 713	(418 366)	(211 550)	79 760
<b>Economic classification</b>							
<b>Current payments</b>	<b>538 097</b>	<b>966 801</b>	<b>1 121 591</b>	<b>1 259 433</b>	<b>1 514 699</b>	<b>1 806 497</b>	<b>2 162 569</b>
Compensation of employees	240 221	268 728	300 155	370 570	466 457	491 736	528 851
Goods and services	294 546	697 881	817 736	888 863	1 048 242	1 314 761	1 633 718
<i>of which:</i>							
<i>Administrative fees</i>	1 241	1 822	2 052	1 546	2 486	2 675	2 832
<i>Advertising</i>	1 524	975	719	1 409	1 892	2 039	2 159
<i>Assets less than R5 000</i>	7 635	10 337	8 315	16 890	7 686	8 344	8 828
<i>Audit costs: External</i>	–	71	–	540	–	–	–
<i>Bursaries: Employees</i>	308	99	28	518	128	142	150
<i>Catering: Departmental activities</i>	217	1 547	2 111	1 467	3 274	3 595	3 801
<i>Communication</i>	14 598	20 342	16 458	10 877	16 994	18 087	19 061
<i>Computer services</i>	13 909	12 580	33 325	30 694	21 230	22 428	25 136
<i>Consultants and professional services: Business and advisory services</i>	2 716	44 495	17 603	31 005	81 504	181 589	382 685

Table 34.5 Water Resources Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>538 097</b>	<b>966 801</b>	<b>1 121 591</b>	<b>1 259 433</b>	<b>1 514 699</b>	<b>1 806 497</b>	<b>2 162 569</b>
<i>Consultants and professional services: Infrastructure and planning</i>	59 820	248 308	349 683	420 050	399 829	525 304	604 797
<i>Consultants and professional services: Laboratory service</i>	36	3	1	–	303	334	353
<i>Consultants and professional services: Legal costs</i>	–	–	418	67	–	–	–
<i>Contractors</i>	10 609	16 798	12 560	34 540	180 933	187 022	189 784
<i>Agency and support / outsourced services</i>	50 862	177 428	208 782	177 025	128 247	139 987	158 156
<i>Entertainment</i>	22	(1)	42	100	188	200	212
<i>Inventory: Food and food supplies</i>	489	1 004	597	19	374	413	437
<i>Inventory: Fuel, oil and gas</i>	17 231	19 507	12 331	13 676	12 703	14 017	14 814
<i>Inventory: Learner and teacher support material</i>	–	–	–	852	1 051	1 160	1 226
<i>Inventory: Materials and supplies</i>	–	9 187	8 728	6 737	8 123	8 963	9 472
<i>Inventory: Medical supplies</i>	63	128	128	68	234	258	273
<i>Inventory: Other consumables</i>	5 466	12 163	10 572	16 512	7 451	8 159	8 627
<i>Inventory: Stationery and printing</i>	4 831	6 839	9 829	10 757	9 497	8 240	8 277
<i>Lease payments</i>	26 814	6 838	6 514	9 016	6 638	7 326	7 945
<i>Owned and leasehold property expenditure</i>	6 837	2 488	5 034	1 492	1 272	1 404	1 483
<i>Transport provided: Departmental activities</i>	115	5	–	–	158	174	184
<i>Travel and subsistence</i>	63 074	92 530	99 000	76 626	116 286	131 221	140 104
<i>Training and development</i>	2 971	8 573	9 145	12 702	31 063	32 145	32 839
<i>Operating expenditure</i>	2 269	3 089	3 078	6 561	5 303	5 851	6 184
<i>Venues and facilities</i>	889	726	683	7 117	3 395	3 684	3 899
<i>Interest and rent on land</i>	1	192	2	–	–	–	–
<i>Financial transactions in assets and liabilities</i>	3 329	–	3 698	–	–	–	–
<b>Transfers and subsidies</b>	<b>670 475</b>	<b>871 887</b>	<b>1 312 920</b>	<b>2 238 617</b>	<b>2 338 915</b>	<b>2 516 918</b>	<b>2 724 710</b>
<i>Provinces and municipalities</i>	1 910	665	91 152	9 090	–	–	–
<i>Departmental agencies and accounts</i>	653 182	827 021	1 189 515	2 195 843	2 119 095	2 293 589	2 497 372
<i>Public corporations and private enterprises</i>	6 891	24 997	1 500	–	–	–	–
<i>Foreign governments and international organisations</i>	–	3 500	510	572	180 100	180 100	180 100
<i>Non-profit institutions</i>	–	150	350	387	440	465	494
<i>Households</i>	8 492	15 554	29 893	32 725	39 280	42 764	46 744
<b>Payments for capital assets</b>	<b>298 221</b>	<b>33 791</b>	<b>31 701</b>	<b>30 062</b>	<b>42 180</b>	<b>29 207</b>	<b>30 503</b>
<i>Buildings and other fixed structures</i>	273 124	666	2 116	217	5 223	236	250
<i>Machinery and equipment</i>	21 683	29 081	25 773	26 340	33 820	25 840	26 889
<i>Software and other intangible assets</i>	3 414	4 044	3 812	3 505	3 137	3 131	3 364
<i>of which: Capitalised compensation</i>	188 225	–	–	–	–	–	–
<b>Total</b>	<b>1 506 793</b>	<b>1 872 479</b>	<b>2 466 212</b>	<b>3 528 112</b>	<b>3 895 794</b>	<b>4 352 622</b>	<b>4 917 782</b>

Table 34.5 Water Resources Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>1 910</b>	<b>665</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>-</b>	<b>-</b>
Regional Services Council levies	1 910	665	-	-	-	-	-
Motor vehicle licences	-	-	-	90	-	-	-
<b>Capital</b>	<b>-</b>	<b>-</b>	<b>91 152</b>	<b>9 000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Municipal drought relief grant	-	-	91 152	9 000	-	-	-
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>653 182</b>	<b>285 493</b>	<b>287 203</b>	<b>320 221</b>	<b>129 894</b>	<b>180 250</b>	<b>226 451</b>
Water Trading Account: Augmentation	653 182	285 493	283 553	316 233	107 835	140 021	167 137
Catchment Management Agencies: Seed funding	-	-	3 650	3 988	22 059	40 229	59 314
<b>Capital</b>	<b>-</b>	<b>541 528</b>	<b>902 312</b>	<b>1 875 622</b>	<b>1 989 201</b>	<b>2 113 339</b>	<b>2 270 921</b>
Water Trading Account: Infrastructure	-	541 528	902 312	1 875 622	1 989 201	2 113 339	2 270 921
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>6 891</b>	<b>24 997</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
South African Forestry Company Limited	6 891	-	-	-	-	-	-
Working For Water	-	24 997	-	-	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>1 500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Environmental Education Association of South Africa	-	-	1 500	-	-	-	-
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>-</b>	<b>3 500</b>	<b>510</b>	<b>572</b>	<b>180 100</b>	<b>180 100</b>	<b>180 100</b>
Orange-Senqu River Basin Commission	-	3 500	510	572	100	100	100
Komati River Basin Water Authority	-	-	-	-	180 000	180 000	180 000
<b>Non-profit institutions</b>							
<b>Current</b>	<b>-</b>	<b>150</b>	<b>350</b>	<b>387</b>	<b>440</b>	<b>465</b>	<b>494</b>
Swimming South Africa: Public benefit organisation	-	150	350	387	440	465	494
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 000</b>	<b>4 000</b>	<b>4 000</b>
Leave gratuities	-	-	-	-	4 000	4 000	4 000
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>8 492</b>	<b>15 554</b>	<b>29 893</b>	<b>32 725</b>	<b>35 280</b>	<b>38 764</b>	<b>42 744</b>
Financial assistance to small scale farmers	8 492	15 554	29 893	29 830	30 972	34 036	37 774
Financial assistance for dam safety	-	-	-	545	578	613	649
Resource for poor farmers	-	-	-	2 350	3 730	4 115	4 321

## Expenditure trends

Expenditure increases from R1.5 billion in 2005/06 to R3.5 billion in 2008/09 at an annual average rate of 32.8 per cent. The robust growth in the programme is driven by the *Infrastructure, Development and Rehabilitation* subprogramme as a result of additional allocations for the De Hoop Dam project. These allocations are reflected as transfers to the water trading entity, through which the department manages the construction and maintenance of water infrastructure.

Over the MTEF period, the programme's budget is expected to grow at an average annual rate of 11.7 per cent, rising from R3.5 billion in 2008/09 to R5 billion in 2011/12. This increase is due to the ongoing De Hoop Dam project, the replacement of donor funding, additional funds to the Working for Water and Working on Fire programmes in the *Sustainable Supply* subprogramme, and the reprioritisation of R500 million to fund water loss efficiency, asset management, waste water works and water infrastructure.

The decrease in payments for capital assets between 2005/06 and 2006/07 relates to the devolution of funds from departments to the National Treasury.

### Transfers to public entities and trading entities

Transfers for infrastructure support services and the construction of new infrastructure facilities and dam safety will increase: R2.0 billion in 2009/10, R2.1 billion in 2010/11 and R2.3 billion in 2011/12.

Transfers to catchment management agencies will increase: R22.1 million in 2009/10, R40.2 million in 2010/11 and R59.3 million in 2011/12.

## Public entities and other agencies

### Water trading entity

#### Strategic overview: 2005/06 – 2011/12

Under the National Water Act (1998), the Department of Water Affairs and Forestry is responsible for regulating water use in South Africa by ensuring that water is allocated equitably and used beneficially in the public interest. The act requires the department to create a register of all water users in the country and recover the costs for services provided by the department to water users. The water trading account was established in 1995 to ringfence revenues related to water resource management areas and infrastructure from the department's accounts. The trading account was subsequently amended by the Public Finance Management Act (1999), under which it became the water trading entity in 2008. In terms of the act, the water trading entity is required to change its accounting convention from cash based accounting to an accrual based accounting system.

To strengthen the performance of the water trading entity, projects to improve organisational efficiency have been initiated. These include Project Sakhile, an enterprise wide asset management project, to verify and value all national water resource infrastructure assets, and Project Siyanqoba, to carry out business process re-engineering to map new processes and policies.

Over the MTEF period, the water trading entity will continue with its business efficiency drive and the implementation of the new processes.

### Selected performance and operations indicators

**Table 34.6 Water trading entity**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of dam safety projects undertaken	–	8	7	11	11	11	13
Percentage completion on construction of Olifants River water resources development project (De Hoop Dam)	0%	0%	19%	43%	66%	83%	95%
Percentage completion on construction of Inyaka water treatment works	15%	32%	42%	57%	71%	84%	94%
Percentage completion on construction of Nandoni water distribution network	–	–	24%	39%	54%	70%	82%
Percentage completion on construction of Nwamita Dam	–	–	–	4%	27%	55%	84%
Percentage completion on construction of raising Clan William dam wall	–	–	–	–	12%	45%	85%
Percentage completion on construction of Hluhluwe regional water scheme	16%	31%	46%	63%	79%	94%	100%
Percentage completion on construction of Nandoni water treatment works	40%	60%	80%	95%	100%	–	–
Revenue generated to fund the refurbishment programme	R1.022bn	R346m	R357.4m	R130.9m	R492.5m	R563.9m	914.6m

## Service delivery and spending focus

The auditor-general's historical disclaimers and qualifications were dealt with through the business process reengineering project (Siyanqoba) and the enterprise wide asset management project (Sakhile) to give proper effect to the accrual accounting requirements of the Public Finance Management Act (1999). The water trading entity has now embarked on the next phase of the business efficiency drive aiming to be fully compliant by March 2010.

All the environmental and site establishment processes for the construction of the De Hoop Dam were completed over the past 3 years. Concrete placement began in 2008/09. The dam is expected to be 95 per cent complete by the end of the MTEF period. Phases 1 and 2 of the Inyaka water treatment works is 57 per cent complete. The target is to be 94 per cent complete with the remaining phases by the end of the MTEF period. Construction of the Nandoni water distribution network began in 2007/08, and is reaching 39 per cent this year. The target is to be at 82 per cent complete by the end of the MTEF period. The construction of the Nandoni water treatment works is 95 per cent complete and will be commissioned in 2009/10. The Hluhluwe regional water scheme is 63 per cent complete and commissioning is planned for the end of the MTEF period. The construction work on raising the Clan William Dam wall is scheduled to begin in 2009 and be 85 per cent complete by the end of the MTEF period. The construction of the Nwamita dam is planned to start in 2010. The environmental and establishment processes are already in progress. The project is scheduled to be 84 per cent complete by the end of the MTEF period.

## Expenditure estimates

**Table 34.7 The Water Trading Entity: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 130 405</b>	<b>1 916 381</b>	<b>1 498 333</b>	<b>1 420 051</b>	<b>1 784 524</b>	<b>1 992 195</b>	<b>2 276 922</b>
Sale of goods and services other than capital assets	3 107 502	1 620 186	1 310 583	1 414 051	1 778 524	1 986 195	2 270 922
<i>of which:</i>							
Bulk water sales	3 107 502	1 620 186	1 280 959	1 414 051	1 748 524	1 956 195	2 240 922
Other sales	–	–	29 624	–	30 000	30 000	30 000
Other non-tax revenue	22 903	296 195	187 750	6 000	6 000	6 000	6 000
<b>Transfers received</b>	<b>1 626 099</b>	<b>487 207</b>	<b>423 426</b>	<b>598 373</b>	<b>337 567</b>	<b>310 567</b>	<b>443 646</b>
<b>Total revenue</b>	<b>4 756 504</b>	<b>2 403 588</b>	<b>1 921 759</b>	<b>2 018 424</b>	<b>2 122 091</b>	<b>2 302 762</b>	<b>2 720 568</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>4 880 266</b>	<b>3 619 980</b>	<b>3 999 192</b>	<b>4 539 359</b>	<b>3 120 033</b>	<b>3 240 810</b>	<b>3 328 668</b>
Compensation of employees	701 240	453 269	507 200	515 446	627 457	658 202	688 276
Goods and services	2 923 668	960 482	1 263 091	1 803 913	1 019 576	1 109 608	1 170 392
Depreciation	1 255 327	2 205 238	2 225 197	2 216 000	1 469 000	1 469 000	1 466 000
Interest, dividends and rent on land	31	991	3 704	4 000	4 000	4 000	4 000
<b>Transfers and subsidies</b>	<b>412 754</b>	<b>178 250</b>	<b>181 832</b>	<b>182 000</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>5 293 020</b>	<b>3 798 230</b>	<b>4 181 024</b>	<b>4 721 359</b>	<b>3 120 033</b>	<b>3 240 810</b>	<b>3 328 668</b>
<b>Surplus / (Deficit)</b>	<b>(536 516)</b>	<b>(1 394 642)</b>	<b>(2 259 265)</b>	<b>(2 702 935)</b>	<b>(997 942)</b>	<b>(938 048)</b>	<b>(608 100)</b>
<b>Statement of financial position</b>							
Carrying value of assets	45 502 265	93 939 166	92 490 632	85 703 724	86 244 205	86 987 207	88 060 905
<i>of which: Acquisition of assets</i>	1 165 585	173 654	776 697	1 429 092	2 009 481	2 212 002	2 539 698
Inventory	18 728	19 885	18 946	19 000	20 000	20 000	20 000
Receivables and prepayments	973 135	1 481 117	1 517 473	900 000	900 000	900 000	900 000
Cash and cash equivalents	100	370 248	127 469	9 485	1 001	2 015	78 218
<b>Total assets</b>	<b>46 494 228</b>	<b>95 810 416</b>	<b>94 154 520</b>	<b>86 632 209</b>	<b>87 165 206</b>	<b>87 909 222</b>	<b>89 059 123</b>
Accumulated surplus / deficit	45 386 537	(432 364)	(2 691 629)	(5 394 564)	(6 392 506)	(7 330 554)	(7 938 654)
Capital and reserves	–	95 099 573	95 099 573	89 099 573	89 099 573	89 099 573	89 099 573
Borrowings	36 350	10 554	34 022	28 000	22 000	16 000	10 000
Trade and other payables	872 341	825 310	780 698	700 000	700 000	700 000	700 000
Provisions	199 000	70 048	78 893	160 000	160 000	182 000	236 000
Liabilities not classified elsewhere	–	237 295	852 963	2 039 200	3 576 139	5 242 203	6 952 204
<b>Total equity and liabilities</b>	<b>46 494 228</b>	<b>95 810 416</b>	<b>94 154 520</b>	<b>86 632 209</b>	<b>87 165 206</b>	<b>87 909 222</b>	<b>89 059 123</b>

## Expenditure trends

The revenue figures before 2007/2008 included revenue billed on behalf of the Trans-Caledon Tunnel Authority (approximately R1.8 billion in 2006/2007), which is now treated outside of the water trading entities revenue stream. This explains the reduction in the revenue figures since 2007/08. Revenue has fallen from R4.8 billion in 2005/06 to R2 billion in 2008/09 at an annual average rate of 24.9 per cent.

Revenue from water resource management charges and water resource infrastructure charges are projected to increase from R1.3 billion in 2007/2008 to R2.3 billion in 2011/2012. This average annual 14.7 per cent increase is in line with the capping provisions of the pricing strategy. The pricing strategy aims to phase in the higher return on assets recovery based pricing methodology calculated on the correctly valued National Water Resource Infrastructure asset base.

Compensation of employee shows an initial decline between 2005/06 and 2007/08 as a result of improved internal processes and the capitalisation of direct labour costs for infrastructure development. The annual increases for the next three years are due to inflation, the separation of water trading entity functions from the main account, and the filling of those posts.

Goods and services costs before 2007/2008 included the amounts paid over to the Trans-Caledon Tunnel Authority for revenue billed, which accounts for the reduction in goods and services after 2007/08. The figures for 2008/09 and the preceding years also include a misallocation of capital expenditure on the refurbishment of infrastructure assets and increases in provision for bad debts.

The statement of financial position contains a few noteworthy trends. The accounts receivable and prepayments show an initial increase between 2005/06 and 2007/08 due to the implementation of accrual accounting and the overstatement of opening balances. The amounts accrued under accounts receivable and prepayments are expected to stabilise over the MTEF period. The substantial increase in the carrying value of assets in 2007/08 is a result of the enterprise wide asset management and revaluation project, which corrected misallocations and accounted all National Water Resource Infrastructure assets. The refurbishment and rehabilitation costs of existing National Water Resource Infrastructure assets will increase from R264.7 million in 2008/09 to R738.4 million in 2011/12 in line with the current initiative to capitalise direct costs incurred on such projects.

## Trans-Caledon Tunnel Authority

### Strategic overview: 2005/06 – 2011/12

The Trans-Caledon Tunnel Authority functions in terms of the National Water Act (1988).

The authority is a specialised liability management entity responsible for developing cost effective bulk raw water infrastructure. Liability management requires the authority to determine the viability of each project and match assets and liabilities in a framework within which cost effective funding mechanisms can be developed.

Since the Lesotho Highlands water project was completed, more emphasis has been placed on sophisticated debt management within a conservative risk management framework. In 2002, the Trans-Caledon Tunnel Authority was mandated to implement the Berg water project, due to be completed in March 2008. As implementer of this water resource development, the authority had to devise innovative processes and structures to ensure sustainability. It was the first major project to be implemented following changes to environmental legislation and the release of the World Commission on Dams development guidelines.

The Trans-Caledon Tunnel Authority provides financial and treasury management services to designated water boards, water management institutions and the Department of Water Affairs and Forestry, as follows:

- advisory services to the department on the financing and institutional arrangements for the Olifants River water resource development project
- review of the national raw water pricing strategy
- advisory services to the department on financing and implementing the Mooi-Umgeni Dam in KwaZulu-Natal
- advisory services to the department on the review of the financial framework for the Kunzvi Dam

- change over of the Umgeni Water financing services from an intervention directive to a commercial arrangement
- advisory services to the department to assess options to unlock the tariff disputes and refinance the debt of Impala Water User Association
- financing and implementing the Vaal River eastern sub-system augmentation project.

In August 2005, Cabinet approved the creation of the National Water Resource Infrastructure Agency. This agency will pool the resources of the Trans-Caledon Tunnel Authority and the department's infrastructure branch (development and operations) to develop, finance and manage the country's national water resources.

Over the medium term, the Trans-Caledon Tunnel Authority will focus on:

- delivering on its mandates and directives to meet stakeholders' expectations
- achieving sustainable growth and the ability to fund own operations by implementing appropriate financial models
- applying best practice and innovative engineering solutions to ensure competitiveness
- preparing for the successful integration into the National Water Resource Infrastructure Agency.

### Selected performance and operations indicators

**Table 34.8 Trans-Caledon Tunnel Authority**

Indicator	Past			Current	Projections <sup>1</sup>		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Cost of financing							
Lesotho Highlands water project							
Benchmark	10.68%	8.16%	9.55%	10.54%			
Actual	10.65%	7.95%	9.11%	10.31%	-	-	-
Berg River water project							
Benchmark	7.11%	8.39%	10.45%	11.84%			
Actual	7%	8%	10.17%	11.79%	-	-	-
Vaal River eastern subsystem augmentation project							
Benchmark	7.13%	8.31%	10.33%	11.85%			
Actual	7.1%	8.29%	10.21%	11.73%	-	-	-
Credit rating							
Berg River water project							
Long term	AA+	maintained	maintained	maintained	maintained	maintained	maintained
Short term	F1+	AA+	AA+	AA+	AA+	AA+	AA+
Vaal River eastern subsystem augmentation project							
Long term	AA+	maintained	maintained	maintained	maintained	maintained	maintained
Short term	F1+	AA+	AA+	AA+	AA+	AA+	AA+

1. Funds will be raised within approved benchmarks

### Service delivery and spending focus

The Trans-Caledon Tunnel Authority successfully implemented the Berg Water project, completing it below the initial budget and in a short timeframe. The project's excellent credit ratings of AA+ (zaf) long term and F1+ (zaf) short term were confirmed at the end 2007/08.

Water delivery for the Vaal River eastern subsystem augmentation project started in December 2008. Construction on the permanent abstraction works will be completed in May 2010, with costs expected to remain within the revised approved budget of R2.7 billion.

In view of its successful track record in implementing and financing projects, the Trans-Caledon Tunnel Authority was given four additional mandates to carry out, at a cost of R27 billion. These include managing, financing and implementing the Crocodile Mokolo water augmentation project (R17.3 billion), the Komati water supply augmentation project, the Olifants River water resource development project, and phase 2 of the Mooi-Mgeni transfer scheme.

## Expenditure estimates

**Table 34.9 Trans-Caledon Tunnel Authority: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 001 778</b>	<b>2 407 000</b>	<b>2 540 592</b>	<b>2 445 311</b>	<b>2 867 524</b>	<b>3 034 347</b>	<b>3 266 343</b>
Sale of goods and services other than capital assets	1 776 070	1 952 000	2 088 809	2 412 904	2 832 417	2 987 631	3 226 708
of which:							
Bulk water sales	1 776 070	1 952 000	2 088 809	2 412 904	2 832 417	2 987 631	3 226 708
Other non-tax revenue	225 708	455 000	451 783	32 407	35 107	46 716	39 635
<b>Total revenue</b>	<b>2 001 778</b>	<b>2 407 000</b>	<b>2 540 592</b>	<b>2 445 311</b>	<b>2 867 524</b>	<b>3 034 347</b>	<b>3 266 343</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>2 589 649</b>	<b>2 520 615</b>	<b>2 702 092</b>	<b>2 804 047</b>	<b>2 948 893</b>	<b>3 258 740</b>	<b>4 278 600</b>
Compensation of employees	20 000	36 000	57 242	62 445	85 501	80 672	85 936
Goods and services	462 072	547 466	496 888	524 171	616 582	631 257	692 425
Depreciation	29 347	96 149	35 962	2 351	5 515	2 100	1 436
Interest, dividends and rent on land	2 078 230	1 841 000	2 112 000	2 215 080	2 241 295	2 544 711	3 498 803
<b>Total expenses</b>	<b>2 589 649</b>	<b>2 520 615</b>	<b>2 702 092</b>	<b>2 804 047</b>	<b>2 948 893</b>	<b>3 258 740</b>	<b>4 278 600</b>
<b>Surplus / (Deficit)</b>	<b>(587 871)</b>	<b>(113 615)</b>	<b>(161 500)</b>	<b>(358 736)</b>	<b>(81 369)</b>	<b>(224 393)</b>	<b>(1 012 257)</b>
<b>Statement of financial position</b>							
Carrying value of assets	15 900 429	17 536 017	18 579 911	19 118 906	20 402 169	25 588 237	33 647 113
of which: Acquisition of assets	470 444	1 806	12 904	541 346	536 580	536 936	535 935
Investments	150 716	1 018 093	1 892 660	3 046 342	3 700 946	4 966 293	6 231 639
Receivables and prepayments	701 350	547 812	480 427	480 427	480 427	480 427	480 427
Cash and cash equivalents	704	78	2	2	2	2	2
<b>Total assets</b>	<b>16 753 199</b>	<b>19 102 000</b>	<b>20 953 000</b>	<b>22 645 677</b>	<b>24 583 544</b>	<b>31 034 959</b>	<b>40 359 181</b>
Accumulated surplus / deficit	(3 357 147)	(3 510 000)	(3 550 813)	(3 909 549)	(3 990 918)	(4 215 311)	(5 227 568)
Capital and reserves	–	141 000	–	–	–	–	–
Borrowings	19 349 390	21 786 521	21 966 260	24 379 446	27 418 311	34 873 806	44 139 853
Trade and other payables	758 522	681 866	2 534 902	2 173 128	1 153 499	373 812	1 444 244
Provisions	2 434	2 613	2 651	2 652	2 652	2 652	2 652
<b>Total equity and liabilities</b>	<b>16 753 199</b>	<b>19 102 000</b>	<b>20 953 000</b>	<b>22 645 677</b>	<b>24 583 544</b>	<b>31 034 959</b>	<b>40 359 181</b>

## Expenditure trends

The substantial increase in expenditure between 2008/9 and 2010/11 is driven by an increase in the number of projects implemented by the Trans-Caledon Tunnel Authority, from 3 to 7. Growth in expenditure has been relatively stable, rising from R2.6 billion in 2005/06 to R2.7 billion in 2007/08, due to the increased costs associated with the predesign, design and handover of projects. Expenditure is expected to increase dramatically over the MTEF period, rising from R2.8 billion in 2008/09 to R4.3 billion in 2011/12 as the construction on these projects get under way.

**Water Research Commission**

## Strategic overview: 2005/06 - 2011/12

The mandate of the Water Research Commission as set out in the Water Research Act (1971) includes: promoting coordination, cooperation and communication in water research and development; establishing water research needs and priorities; stimulating and funding water research according to priority; and promoting the effective transfer of information and technology. Its board is accountable to the Minister of Water Affairs and Forestry.

The Water Research Commission's four key strategic areas address resource management and utilisation:

- Water resource management

The commission's research supports the Department of Water Affairs and Forestry's water resource management objectives, including ensuring that water resources are allocated so that they promote social and economic development, maintaining the reliable availability of water to meet the needs of all consumers,

meeting international water sharing agreements, and ensuring that water resources are developed and protected to ensure their sustainability.

- Water linked ecosystems

Research in this key strategic area is aimed at enabling good environmental governance and ensuring the utilisation and sustainable management of water linked ecosystems in a water scarce country in a time of demographic and climate change. The research develops an understanding of the ecological processes underlying the delivery of goods and services, and provides knowledge to sustainably manage, protect and utilise aquatic ecosystems.

- Water use and waste management

The commission's research also supports the provision of knowledge for: delivering basic services and bulk infrastructure by local government and delegated water services institutions, and access to water and sanitation services through policy development, planning, and the regulation and monitoring of the sector, including institutional and implementation support to local government.

- Water utilisation in agriculture

This research supports not only the use of water by the farming communities, especially emerging farmers, but also knowledge creation for ensuring the sustainable management of all forests, woodlands and plantations, and for enhancing the contribution of forest resources to social and economic development.

### Selected performance and operations indicators

**Table 34.10 Water Research Commission**

Indicator	Past			Current	Projections		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Research ratio (research funding and support as a percentage of total income)	72%	77%	75%	75%	75%	75%	75%
Total value of research funding and support	R62.9m	R79.1m	R85.5m	R98.7m	R101.8m	R106m	R109.1m
Total income	R87.4m	R103.1m	R113.7m	R129.8m	R134m	R139.7m	R144.3m
Income growth (measured as meeting the leveraged income target)	R3.6m	R3.9m	R9.1m	R11.6m	R11m	R12m	R12.2m
Percentage deviation between actual budget and budget at year end	Achieved target	Achieved target	Achieved target	10%	10%	10%	10%
Number of students financially supported and mentored (60 per cent of whom are historically disadvantaged) each year	-	-	-	400	400	400	400

### Service delivery and spending focus

Research in the water resource management key strategic area in 2007/08 had four thrusts: water resource assessment and planning, management of natural and human induced impacts on water resources, water resource protection, and water resource institutional arrangements.

Research in the water linked ecosystems key strategic area in 2007/08 included research on ecosystem processes (biophysical processes, and the form and function of ecosystems), and on ecosystem management and utilisation, including the ecological reserve and ecosystem health and rehabilitation (rivers and wetlands).

Research in the water use and waste management key strategic area in 2007/08 supported studies on appropriate technologies for improving the quality and quantity of water supplies for domestic use, with a focus on water supply and treatment technology. Research was also conducted on new ways to manage and enhance hygiene and sanitation practices, and on institutional and management issues, with special emphasis on the efficient functioning of water service institutions and their viability. Infrastructure for both water supply and sanitation was included. Waste and effluent as well as reuse technologies that can support the municipal, mining and industrial sectors and improve management in these sectors were also addressed, and innovative, integrated solutions to water and waste management in the industrial and mining sectors were studied.

Research in the water utilisation in agriculture key strategic area in 2007/08 focused on three main areas: water utilisation for food and fibre production, water utilisation for fuel wood and timber production, and water for poverty reduction and wealth creation in agriculture. Research specifically addressed small scale farming and rural communities.

In 2007/08, 286 research projects were funded, of which 75 were large multi-organisation and consortium based projects. The overall investment in research projects (based on cash paid out) was about R71.3 million, about 20 per cent more than in 2006/07.

The Water Research Commission supported 664 students, of which 434 were previously disadvantaged. The commission aims to have met a similar target in 2008/09.

The commission is acting as the implementing agent for two Department of Water Affairs and Forestry capacity building programmes, the water information network and the framework programme for research education and training in water.

## Expenditure estimates

**Table 34.11 Water Research Commission: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>103 169</b>	<b>129 404</b>	<b>141 433</b>	<b>146 485</b>	<b>154 339</b>	<b>162 436</b>	<b>171 064</b>
Sale of goods and services other than capital assets	86 476	120 454	132 307	139 368	146 998	154 864	163 255
of which:							
Water research levies	86 476	120 454	132 307	139 368	146 998	154 864	163 255
Other non-tax revenue	16 693	8 950	9 126	7 117	7 341	7 572	7 809
<b>Total revenue</b>	<b>103 169</b>	<b>129 404</b>	<b>141 433</b>	<b>146 485</b>	<b>154 339</b>	<b>162 436</b>	<b>171 064</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>126 314</b>	<b>118 724</b>	<b>126 023</b>	<b>147 175</b>	<b>155 041</b>	<b>163 151</b>	<b>171 779</b>
Compensation of employees	28 387	21 353	24 662	24 766	26 583	28 147	29 692
Goods and services	96 275	95 060	99 619	121 719	127 756	134 289	141 372
Depreciation	609	959	(273)	690	702	715	715
Interest, dividends and rent on land	1 043	1 352	2 015	-	-	-	-
<b>Total expenses</b>	<b>126 314</b>	<b>118 724</b>	<b>126 023</b>	<b>147 175</b>	<b>155 041</b>	<b>163 151</b>	<b>171 779</b>
<b>Surplus / (Deficit)</b>	<b>(23 145)</b>	<b>10 680</b>	<b>15 410</b>	<b>(690)</b>	<b>(702)</b>	<b>(715)</b>	<b>(715)</b>
<b>Statement of financial position</b>							
Carrying value of assets	3 745	11 845	12 546	12 648	12 702	12 710	12 734
of which: Acquisition of assets	2 042	404	429	792	756	723	739
Investments	40 114	41 834	47 584	49 908	51 812	53 028	54 028
Receivables and prepayments	12 633	29 761	16 271	18 000	20 000	22 000	25 000
Cash and cash equivalents	40 626	47 196	88 536	64 609	60 609	56 609	56 173
<b>Total assets</b>	<b>97 118</b>	<b>130 636</b>	<b>164 937</b>	<b>145 165</b>	<b>145 123</b>	<b>144 347</b>	<b>147 935</b>
Accumulated surplus / deficit	47 900	60 396	75 807	75 117	74 415	73 700	72 985
Capital and reserves	5 405	14 631	20 667	22 667	24 500	26 667	28 500
Post-retirement benefits	20 222	21 538	24 253	27 305	29 416	31 855	33 850
Trade and other payables	21 355	31 977	41 401	17 976	14 692	10 025	10 500
Provisions	2 236	2 094	2 244	2 100	2 100	2 100	2 100
Liabilities not classified elsewhere	-	-	565	-	-	-	-
<b>Total equity and liabilities</b>	<b>97 118</b>	<b>130 636</b>	<b>164 937</b>	<b>145 165</b>	<b>145 123</b>	<b>144 347</b>	<b>147 935</b>

## Expenditure trends

The Water Research Commission has two primary sources of revenue: the water research levy included in the department's water tariffs, and leverage income (from research commissioned by clients). The water research levy accounts for 95 per cent of total revenue in 2008/09. The substantive increase of 39.3 per cent in the levy between 2005/06 and 2006/07 can be attributed to improved revenue collection and an increase in the number of water users from whom levies are collected. Total revenue is expected to increase at an average annual rate of 5.3 per cent over the medium term, rising from R146.5 million in 2008/09 to R171.1 million in 2011/12, in line with expected inflation.

Between 2005/06 and 2008/09, expenditure increased from R126.3 million to R147.2 million at an average annual rate of 5.2 per cent. Expenditure is expected to increase at an average annual rate of 5.3 per cent over the medium term, rising from R147.2 million in 2008/09 to R171.8 million in 2011/12.

## Rand Water

### Strategic overview: 2005/06 - 2011/12

Rand Water aims to be a provider of sustainable, universally competitive water and sanitation solutions for Africa. To position Rand Water to deliver in terms of its vision, respond optimally to the dynamics of a rapidly changing sector and the environment in which it functions, and meet the needs of its stakeholders, the strategic objectives that will guide the activities, business focus and the allocation of resources over the MTEF period during are: achieve growth; achieve operational integrity and use best fit technology; achieve a high performance culture; and positively engage the stakeholder base.

### Selected performance and operations indicators

**Table 34.12 Rand Water**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Net debt / equity ratio	0.17	0.14	0.12	0.11	0.10	0.08	0.07
Debt service	6.26	10.37	11.03	9.19	12.44	13.41	14.56
Debt / asset	0.14	0.12	0.10	0.09	0.08	0.07	0.06
Costs per kilolitre (R / kl)	2.55	2.77	2.79	3.19	3.33	3.52	3.73
Profit for the year	R597.2m	R726.2m	R807.8m	R629.5m	R718m	R751m	R757m

### Service delivery and spending focus

By June 2007, Rand Water's distribution increased by 6.3 per cent, resulting in an average demand of 3 674 mega litres per day. Rand Water met all peak daily demands, thus abiding by the bulk water supply contract. In February and March 2007, this was more than 4 000 mega litres a day on average over four to five weeks. Supply is based on the Rand Water general water supply conditions, and key to these are customer satisfaction requirements. To ensure this, there are ongoing programmes for refurbishing, renovating and replacing pipelines.

### Expenditure estimates

**Table 34.13 Rand Water: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 811 250</b>	<b>4 309 446</b>	<b>4 554 602</b>	<b>4 840 951</b>	<b>5 106 000</b>	<b>5 471 000</b>	<b>5 844 000</b>
Sale of goods and services other than capital assets	3 672 119	4 118 601	4 274 363	4 579 174	4 907 000	5 259 000	5 626 000
<i>of which:</i>							
<i>Bulk water sales</i>	3 672 119	4 118 601	4 274 363	4 579 174	4 907 000	5 259 000	5 626 000
<i>Other non-tax revenue</i>	139 131	190 845	280 239	261 777	199 000	212 000	218 000
<b>Total revenue</b>	<b>3 811 250</b>	<b>4 309 446</b>	<b>4 554 602</b>	<b>4 840 951</b>	<b>5 106 000</b>	<b>5 471 000</b>	<b>5 844 000</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>3 214 057</b>	<b>3 565 019</b>	<b>3 745 076</b>	<b>4 211 416</b>	<b>4 388 000</b>	<b>4 720 000</b>	<b>5 087 000</b>
Compensation of employees	457 992	642 144	726 059	780 053	755 000	807 000	862 000
Goods and services	2 486 928	2 687 846	2 744 613	3 162 569	3 299 000	3 556 000	3 843 000
Depreciation	139 138	160 104	175 825	171 096	243 000	270 000	300 000
Interest, dividends and rent on land	129 999	74 925	98 579	97 698	91 000	87 000	82 000
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 375</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>3 214 057</b>	<b>3 566 451</b>	<b>3 746 769</b>	<b>4 211 416</b>	<b>4 403 375</b>	<b>4 720 000</b>	<b>5 087 000</b>
<b>Surplus / (Deficit)</b>	<b>597 193</b>	<b>742 995</b>	<b>807 833</b>	<b>629 535</b>	<b>702 625</b>	<b>751 000</b>	<b>757 000</b>

**Table 34.13 Rand Water: Financial information (continued)**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	4 285 693	4 572 654	5 020 763	5 789 527	6 432 527	7 169 527	8 002 527
<i>of which: Acquisition of assets</i>	362 106	456 016	640 156	939 860	886 000	1 007 000	1 133 000
Investments	138 270	132 569	124 193	137 569	133 000	–	–
Inventory	34 786	37 172	41 006	62 000	50 000	54 000	58 000
Receivables and prepayments	417 972	520 245	476 113	554 794	677 000	724 000	773 000
Cash and cash equivalents	510 116	994 697	1 349 588	1 287 380	1 385 473	1 518 473	1 557 473
Assets not classified elsewhere	–	–	8 729	–	–	–	–
<b>Total assets</b>	<b>5 386 837</b>	<b>6 257 337</b>	<b>7 020 392</b>	<b>7 831 270</b>	<b>8 678 000</b>	<b>9 466 000</b>	<b>10 391 000</b>
Accumulated surplus / deficit	3 771 756	4 509 008	5 307 112	5 936 647	6 699 000	7 476 000	8 289 000
Borrowings	748 262	725 736	728 490	726 912	724 000	624 000	623 000
Post-retirement benefits	216 122	236 696	246 823	308 696	350 000	393 000	439 000
Trade and other payables	594 726	705 917	735 217	859 015	905 000	973 000	1 040 000
Provisions	55 971	79 980	–	–	–	–	–
Liabilities not classified elsewhere	–	–	2 750	–	–	–	–
<b>Total equity and liabilities</b>	<b>5 386 837</b>	<b>6 257 337</b>	<b>7 020 392</b>	<b>7 831 270</b>	<b>8 678 000</b>	<b>9 466 000</b>	<b>10 391 000</b>

### Expenditure trends

Rand Water's expenditure trends are discussed with Umgeni Water's below.

### Umgeni Water

#### Strategic overview: 2005/06 - 2011/12

Umgeni Water embarked on a strategy five years ago to turn the organisation around. The 10-year corporate strategy plan for 2002 to 2012 committed Umgeni Water to continually improve its financial strength through sound financial management, operational efficiency and economically viable expansion. This meant that the following key principles were adopted:

- the implementation of a new tariff methodology based on cash flows (this ensured the solvency of the business)
- the reduction of debt levels by reducing operating expenditure and deferring capital expenditure where possible (this meant that the business had to be completely reviewed and a major corporate restructure programme was instituted)
- the restructuring of the balance sheet so that Umgeni Water exited market making, moved towards a more appropriate capital structure, and achieved greater asset-liability matching
- review of non-core assets to the business.

#### Selected performance and operations indicators

**Table 34.14 Umgeni Water**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Net debt / equity ratio	4.93	2.60	1.11	0.75	0.64	0.49	0.35
Debt service	1.48	2.14	3.37	4.14	3.65	4.51	5.20
Debt / asset	0.76	0.67	0.57	0.56	0.36	0.31	0.25
Costs per kilolitre (R / kl)	R2.69	R2.53	R2.24	R2.62	R2.43	R2.58	R2.64
Profit for the year	R137.6m	R250.5m	R392.9m	R438.5m	R448.4m	R484.8m	R558.5m

#### Service delivery and spending focus

In 2007/08, Umgeni Water provided bulk potable water services to eThekweni metropolitan municipality, Ugu, iLembe, Sisonke and uMgungundlovu district municipalities, and Msunduzi local municipality. Sales volume grew by 8.4 per cent in 2007/08 compared to 2006/07. Water sales exceeded budget, with average annual daily

demand of 1 106 mega litres per day compared to 1 021 mega litres per day in 2006/07. The iLembe bulk supply (KwaDukuza area 15.2 per cent) and Amanzimtoti water works (6.3 per cent) were the main contributors to increased sales volumes. Amanzimtoti water works sale volume increased from 4.7 mega litres per day in 2006/07 to 10.3 mega litres per day in 2007/08.

With assets worth R2.3 billion, a comprehensive strategy ensures continuous operability and full functionality to meet short and long term requirements.

Relationships with customers are managed through the bulk water supply agreements. Umgeni Water has entered into long term agreements with the six water services authorities. In the interim, a memorandum of understanding has been concluded with Sisonke district municipality with a view to signing a bulk water supply agreement. These agreements are in line with the model agreement developed by the South African Local Government Association and the South African association of Water Utilities, and regulate the terms and conditions of bulk water supply between Umgeni Water and its customers.

## Expenditure estimates

**Table 34.15 Umgeni Water: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>1 300 394</b>	<b>1 286 364</b>	<b>1 405 606</b>	<b>1 689 260</b>	<b>1 638 007</b>	<b>1 673 852</b>	<b>1 791 591</b>
Sale of goods and services other than capital assets	1 084 544	1 188 029	1 289 035	1 536 984	1 512 132	1 654 973	1 781 441
<i>of which:</i>							
<i>Bulk water sales</i>	1 084 544	1 188 029	1 289 035	1 536 984	1 512 132	1 654 973	1 781 441
<i>Other non-tax revenue</i>	215 850	98 335	116 571	152 276	125 875	18 878	10 150
<b>Total revenue</b>	<b>1 300 394</b>	<b>1 286 364</b>	<b>1 405 606</b>	<b>1 689 260</b>	<b>1 638 007</b>	<b>1 673 852</b>	<b>1 791 591</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>1 162 796</b>	<b>1 035 848</b>	<b>1 012 740</b>	<b>1 250 715</b>	<b>1 189 646</b>	<b>1 189 063</b>	<b>1 233 134</b>
Compensation of employees	207 098	240 621	268 825	272 044	308 237	331 972	356 870
Goods and services	323 381	323 488	316 307	531 464	425 146	532 003	651 748
Depreciation	158 411	162 306	156 857	161 980	168 131	174 895	88 637
Interest, dividends and rent on land	473 906	309 433	270 751	285 228	288 131	150 193	135 879
<b>Total expenses</b>	<b>1 162 831</b>	<b>1 035 848</b>	<b>1 012 740</b>	<b>1 250 715</b>	<b>1 189 646</b>	<b>1 189 063</b>	<b>1 233 134</b>
<b>Surplus / (Deficit)</b>	<b>137 563</b>	<b>250 516</b>	<b>392 866</b>	<b>438 545</b>	<b>448 361</b>	<b>484 788</b>	<b>558 457</b>
<b>Statement of financial position</b>							
Carrying value of assets	2 491 561	2 538 202	2 535 579	2 792 293	3 302 280	3 669 253	4 051 575
<i>of which: Acquisition of assets</i>	504 835	232 262	161 088	418 693	678 118	541 869	470 959
Investments	366 360	528 870	945 549	1 283 870	53 735	34 376	37 258
Inventory	6 940	7 506	10 283	10 251	10 251	10 251	10 251
Receivables and prepayments	117 451	137 787	150 195	158 219	173 545	188 256	201 843
Cash and cash equivalents	13 429	21 159	13 637	525	303	183	564
Assets not classified elsewhere	1 335	3 057	5 616	14	14	14	14
<b>Total assets</b>	<b>2 997 076</b>	<b>3 236 581</b>	<b>3 660 859</b>	<b>4 245 172</b>	<b>3 540 128</b>	<b>3 902 332</b>	<b>4 301 504</b>
Accumulated surplus / deficit	(65 951)	184 565	577 431	1 008 376	1 456 737	1 941 525	2 499 983
Capital and reserves	456 122	451 243	445 103	446 647	446 647	446 647	446 647
Borrowings	2 284 762	2 180 591	2 078 336	2 378 906	1 277 449	1 206 167	1 055 109
Post-retirement benefits	97 916	119 488	164 369	122 722	91 096	42 850	37 852
Trade and other payables	154 849	171 850	235 552	232 840	232 840	232 840	232 840
Provisions	29 369	86 214	119 788	17 340	17 340	17 340	17 340
Liabilities not classified elsewhere	40 009	42 630	40 280	38 341	18 018	14 962	11 733
<b>Total equity and liabilities</b>	<b>2 997 076</b>	<b>3 236 581</b>	<b>3 660 859</b>	<b>4 245 172</b>	<b>3 540 128</b>	<b>3 902 332</b>	<b>4 301 504</b>

## Expenditure trends

In 2006/07, the consolidated revenue from the sale of bulk water was R5.3 billion, of which Rand Water accounted for R4.1 billion and Umgeni Water for R1.2 billion. Revenue is expected to grow from R6.1 billion in 2008/09 to R7.4 billion in 2011/12 at an average annual rate of 6.6 per cent.

Rand Water is refurbishing its assets, a process which will amount to R2.9 billion over the MTEF period. Umgeni Water is expanding its services to communities not previously served. Their capital expenditure over the MTEF period is expected to amount to R1.6 billion. The infrastructure expansion drive is aimed at smaller communities in urban and peri-urban area.

Infrastructure developments for Rand Water and Umgeni Water will be financed by a combination of internal sources and debt finance. Smaller water boards like Namakwa Water will have to rely on debt funding and government grants to meet current and future demands.

## Consolidated water boards

### Strategic overview: 2005/06 – 2011/12

Water boards are established in terms of the Water Services Act (1997) and are categorised as national government business enterprises in terms of schedule 3B of the Public Finance Management Act (1999). Water boards provide water services to other water services institutions in their service areas.

### The water boards

Albany Coast Water	Ikangala Water	Overberg Water
Amatola Water	Lepelle Northern Water	Pelladrift Water
Bloem Water	Magalies Water	Rand Water
Botshelo Water	Mhlathuze Water	Sedibeng Water
Bushbuckridge Water	Namakwa Water	Umgeni Water

The boards have been restructured to be independent and financially viable. Only four water boards, Botshelo, Buckbuckridge, Magalies and Sedibeng, operate water schemes on behalf of the department and have not yet been transferred to municipalities.

Over the medium term, the water boards will continue to improve their:

- financial management to ensure long term viability (by repaying debt, recovering capital and operational costs, and establishing better reserves for future infrastructure development)
- governance practices to promote organisational performance and sustainability (through the governance guidelines, induction programmes, good governance training, payment of stipends for board of directors and annual performance assessments of board of directors).

## Selected performance and operations indicators

**Table 34.16 Water boards: Volume of water sold**

Water board	Volume of water sold (kl)						
	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Albany Coast	513 038	511 753	516 870	522 039	527 259	532 532	537 857
Amatola	29 565 000	29 12 000	31 063 000	31 219 000	31 375 000	31 532 000	31 689 660
Bloem	68 651 360	78 364 391	78 948 034	79 537 514	80 132 889	80 734 217	81 339 723
Botshelo	11 828 000	18 600 000	19 100 000	19 200 000	19 400 000	19 600 000	19 796 000
Bushbuckridge	16 690 000	22 571 000	22 594 000	30 084 000	33 947 000	38 712 000	43 357 000
Ikangala	32 142 504	33 870 003	34 208 703	Disestablished			
Lepelle	83 069 000	86 459 000	79 716 000	79 716 000	79 716 000	79 716 000	79 716 000
Magalies	65 124 513	67 200 172	69 904 930	73 501 101	75 913 994	78 980 471	81 349 885
Mhlathuze	114 630 000	122 240 000	117 925 000	130 999 000	156 184 000	159 907 000	163 105 000
Namakwa	3 003 696	2 924 056	2 953 296	2 982 829	3 012 657	3 042 784	3 073 212
Overberg	4 118 102	4 259 546	4 285 000	4 340 000	4 394 000	4 450 000	4 539 000
Pelladrift	4 264 550	4 437 682	4 482 058	4 526 879	4 572 147	4 617 869	4 664 048
Rand	1 262 011 897	1 295 750 000	1 308 890 000	1 320 570 000	1 333 710 000	1 348 310 000	1 361 793 000
Sedibeng	54 635 573	69 792 798	67 275 000	70 872 000	71 829 000	72 859 000	73 588 000
Umgeni	361 438 000	373 857 000	381 881 000	386 036 000	391 640 000	397 344 000	402 906 000

## Service delivery and spending focus

In 2007/08, the water boards collectively supplied a total bulk potable volume of approximately 2.2 billion cubic meters.

Key to the boards' financial stability is effective revenue management. All water boards implemented tariff increases in 2008/09 in line with the Municipal Finance Management Act (2003) and determined by National Treasury.

The water boards concluded annual shareholders' compacts with the department each year, setting out their strategic focus, key activities and key performance indicators for the financial year.

All boards have submitted quarterly reports to the department on progress in terms of their key performance indicators.

## Expenditure estimates

**Table 34.17 Water boards: Consolidated financial information**

R thousand Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>6 335 600</b>	<b>6 919 258</b>	<b>7 107 686</b>	<b>8 226 862</b>	<b>8 625 451</b>	<b>9 225 360</b>	<b>9 888 581</b>
Bulk water sales	5 729 891	6 344 865	6 379 062	7 319 340	7 759 665	8 406 890	9 048 076
<i>of which:</i>							
Administrative fees	644	154	(121)	290	350	375	410
Sales by market establishments	5 729 247	6 344 711	6 379 183	7 319 050	7 759 315	8 406 515	9 047 666
Other non-tax revenue	605 709	574 393	728 624	907 522	865 786	818 469	840 505
<b>Transfers received</b>	<b>32 825</b>	<b>29 461</b>	<b>27 816</b>	<b>89 520</b>	<b>92 918</b>	<b>80 147</b>	<b>88 247</b>
<b>Total revenue</b>	<b>6 368 425</b>	<b>6 948 719</b>	<b>7 135 502</b>	<b>8 316 382</b>	<b>8 718 369</b>	<b>9 305 507</b>	<b>9 976 828</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>5 525 058</b>	<b>6 051 209</b>	<b>5 854 557</b>	<b>7 080 073</b>	<b>7 361 761</b>	<b>7 839 901</b>	<b>8 377 071</b>
Compensation of employees	901 834	1 129 927	1 273 853	1 499 716	1 552 330	1 664 829	1 787 469
Goods and services	3 539 478	4 036 307	3 716 958	4 672 739	4 814 085	5 259 627	5 754 942
Depreciation	390 233	414 687	455 844	455 571	534 561	579 633	530 681
Interest, dividends and rent on land	693 513	470 288	407 902	452 048	460 785	335 812	303 979
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>5 525 058</b>	<b>6 051 209</b>	<b>5 854 595</b>	<b>7 080 073</b>	<b>7 361 761</b>	<b>7 839 901</b>	<b>8 377 071</b>
<b>Surplus / (Deficit)</b>	<b>843 368</b>	<b>897 510</b>	<b>1 280 907</b>	<b>1 236 309</b>	<b>1 356 608</b>	<b>1 465 606</b>	<b>1 599 757</b>
<b>Statement of financial position</b>							
Carrying value of assets	9 092 683	9 659 272	10 049 796	11 214 602	12 500 559	13 966 511	15 500 874
<i>of which: Acquisition of assets</i>	942 376	1 240 578	876 974	1 605 752	1 824 282	2 049 284	2 066 287
Investments	1 098 697	1 296 941	1 618 304	2 262 841	1 063 666	788 392	838 373
Inventory	71 382	68 907	70 501	96 797	88 553	95 768	100 960
Receivables and prepayments	909 105	1 073 799	947 179	1 088 242	1 209 108	1 337 430	1 457 827
Cash and cash equivalents	808 994	1 402 854	1 808 313	1 802 121	1 950 190	2 149 235	2 303 702
Assets not classified elsewhere	1 335	3 057	14 345	746	1 076	1 491	1 641
<b>Total assets</b>	<b>11 982 196</b>	<b>13 504 830</b>	<b>14 508 438</b>	<b>16 465 349</b>	<b>16 813 152</b>	<b>18 338 826</b>	<b>20 203 376</b>
Accumulated surplus / deficit	6 110 533	7 598 425	7 638 007	9 081 479	10 441 155	11 862 499	13 435 400
Capital and reserves	456 122	451 243	1 678 091	1 588 228	1 633 968	1 686 369	1 748 931
Borrowings	3 783 921	3 569 633	3 160 540	3 803 479	2 762 597	2 734 094	2 912 863
Post-retirement benefits	314 038	356 184	411 192	445 247	455 197	450 941	492 354
Trade and other payables	1 158 269	1 292 234	1 431 453	1 458 967	1 451 001	1 540 577	1 552 398
Provisions	119 304	194 481	146 125	49 609	51 216	49 383	49 698
Liabilities not classified elsewhere	40 009	42 630	43 030	38 341	18 018	14 962	11 733
<b>Total equity and liabilities</b>	<b>11 982 196</b>	<b>13 504 830</b>	<b>14 508 438</b>	<b>16 465 350</b>	<b>16 813 153</b>	<b>18 338 826</b>	<b>20 203 377</b>

## Expenditure trends

Revenue from the consolidated sale of bulk water increased from R5.7 billion in 2005/06 to R7.3 billion in 2008/09 at an average annual rate of 8.5 per cent. It is expected to increase from R7.3 billion in 2008/09 to R9 billion in 2011/12 at an average annual rate of 7.3 per cent. The increase over the MTEF period is mainly

due to the approved new tariffs in the water pricing strategy. The sale of bulk water by Rand Water accounts for 63 per cent of consolidated revenue in 2008/09, and by Umgeni Water for 21 per cent.

Expenditure is expected to increase over the medium term at an average annual rate of 5.8 per cent, rising from R7.1 billion in 2008/09 to R8.4 billion in 2011/12.

### **Programme 3: Water Services**

- *Provisioning Policies* ensures basic water supply and sanitation services for improved quality of life and poverty alleviation. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water and Sanitation Services* supports the development of infrastructure for basic water supply and sanitation services at the regional level, for improved quality of life and poverty alleviation. Funding is provided on the basis of approved project and business plans.
- *Water Sector Policies* provides a framework for the effective and sustainable delivery of water services to underpin economic and social development. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water Sector Support* supports the delivery of sustainable water services at the regional level to underpin economic and social development. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Institutional Policies* supports effective water services institutions. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Institutional Support* provides support at the regional and local level for effective water services institutions. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Transfer Policies* guides the transfer of operations and maintenance functions and water services schemes for effective local operations and management. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Transfer of Functions* implements the transfer of water services schemes to water services institutions to ensure effective local level operation and management. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Africa Initiative* promotes the programme's activities to achieve the UN Millennium Development Goals and the World Summit on Sustainable Development targets in Africa, and to support NEPAD. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *African Participation* promotes and supports policies to achieve the UN Millennium Development Goals in Africa. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water Services Administration* provides support services at the national level, including human resources, financial management and general administration. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Water Services Support* provides support services at the regional level, including human resources, financial management and general administration. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Operations of Water Services* ensures the reliable and sustainable supply of water for basic use and economic development. (While this function is still with the department, it is a temporary arrangement and will be phased out as the transfer programme is completed. The programme is funded with earmarked funds for conditional grants to local government.) The transfer of schemes was scheduled to be completed by 2009/10 but has been extended to 2011/12 through baseline reprioritisation.

## Objectives and measures

- Promote universal access to basic water and sanitation services by:
  - developing policy and regulating and supporting implementation at local government level, guided by the strategic framework for water services, to ensure that all people in South Africa have access to functioning basic water supply facilities and basic sanitation facilities by 2014
  - implementing regional bulk infrastructure projects according to the national implementation framework by 2011
  - providing schools which currently have no services with a safe water supply and sanitation service by December 2010 (1 434 schools in 2008/09 and 1 200 in 2009/10).
- Ensure the effective management of safe drinking water by all water services authorities by 2009 by monitoring, regulating and supporting these authorities, guided by the strategic framework for water services and as specified by the national standard.
- Strengthen the capacity of local government to deliver on national government's 2010 strategy by providing technical support on all water services related matters to municipalities that will host the 2010 World Cup.

## Service delivery and spending focus

Substantial progress has been made by the water sector in providing universal access to water and sanitation in South Africa. Access to basic water infrastructure has increased from 59 per cent in April 1994 to 88 per cent at the end of March 2008. Similarly, access to basic sanitation increased from 48 per cent to 73 per cent. In 2007/08, water was supplied to a further 1.3 million people, and sanitation to a further 1.1 million. Although backlogs in water and sanitation were supposed to be eradicated by 2008 and 2010 respectively, a 2008 Cabinet decision aligned the provision of universal access to water and sanitation with the provision of housing and other basic services. The new target of ensuring universal access to basic services and housing is 2014.

Government accelerated the eradication of bucket toilets by allocating an additional budget of R1.8 billion between 2005/06 and 2007/08. In February 2005, the backlog was 252 254 bucket toilets. At the end of November 2008, 10 395 buckets still needed to be removed. The majority are in Free State (8 839), followed by Northern Cape (1 372) and Eastern Cape (634). The department aims to remove all buckets by March 2009. Over the 2009 MTEF period, the department will be implementing regional bulk infrastructure schemes to further expand access to basic water and sanitation services and to enable the expansion of the housing delivery programme.

Water and sanitation services were provided to the remaining 716 clinics (out of all clinics) that had none, or had limited access to such services. The water and sanitation programme for clinics was officially completed and handed over to the Department of Health in May 2008.

In 2007/08, 143 schools were provided with water and sanitation services, against a target of 110. The target for 2008/09 is to provide 1 434 schools with adequate water and sanitation facilities now that all clinics have these services. At the end of December 2008, water infrastructure had been provided to 51 schools, and sanitation facilities to 125. Over the 2009 MTEF period, the department will continue to provide water and sanitation services to schools, with a target of 1 200 schools in 2009/10.

The department deployed a municipal drinking water quality management system in all water services authorities, and completed a pilot of a waste water treatment management system in 2007/08. Special investigations into water supply interruptions are under way, and an effort is being made to improve water services authorities' management and control systems. Significant progress has been made since April 2008: all water services authorities are loading data from more than 3 200 drinking water sampling points on the information management system. Approximately 94 per cent of the sample points complied with the health requirements of the national standard. As part of its regulatory mandate for drinking water quality, the department will be introducing a new incentive system for municipalities over the 2009 MTEF period. Blue Drop certificates will be issued to municipalities that meet the drinking water standards and Green Drop certificates to those that meet the requirements for treating waste water.

## Expenditure estimates

Table 34.18 Water Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Provisioning Policies	3 335	3 444	2 253	6 303	2 644	2 023	2 422
Water and Sanitation Services	200 450	25 186	437 367	705 571	1 277 671	1 184 867	1 831 831
Water Sector Policies	41 421	42 754	47 346	51 538	47 735	51 811	58 393
Water Sector Support	68 336	100 345	106 924	107 233	100 562	228 329	236 526
Institutional Policies	6 595	9 936	9 243	11 911	11 079	11 631	13 458
Institutional Support	44 994	37 987	42 070	45 484	51 103	106 882	110 498
Transfer of Functions	14 411	35 560	6 889	17 530	15 990	19 039	20 223
Africa Initiative	195	100	131	105	112	118	124
African Participation	–	–	–	100	919	974	1 033
Water Services Administration	7 867	8 912	8 311	10 095	9 872	11 587	12 238
Water Services Support	55 061	80 846	100 039	84 904	85 574	94 312	104 047
Operations of Water Services	1 068 333	1 109 688	1 106 353	1 383 070	1 113 778	848 667	677 792
<b>Total</b>	<b>1 510 998</b>	<b>1 454 758</b>	<b>1 866 926</b>	<b>2 423 844</b>	<b>2 717 039</b>	<b>2 560 240</b>	<b>3 068 585</b>
Change to 2008 Budget estimate				(4 155)	181 641	380 727	758 301
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 148 734</b>	<b>958 438</b>	<b>771 514</b>	<b>940 190</b>	<b>706 558</b>	<b>1 092 105</b>	<b>1 146 107</b>
Compensation of employees	532 552	589 959	447 445	426 496	278 276	189 194	200 615
Goods and services	616 182	368 479	323 449	513 694	428 282	902 911	945 492
of which:							
Administrative fees	757	1 461	1 199	1 528	944	3 969	4 098
Advertising	190	1 074	774	1 859	1 249	1 965	1 940
Assets less than R5 000	765	1 535	2 831	4 026	2 494	2 654	2 618
Bursaries: Employees	395	69	14	–	–	–	–
Catering: Departmental activities	477	1 273	1 093	2 879	1 555	5 583	5 837
Communication	9 552	8 519	9 086	6 240	3 567	21 651	22 883
Computer services	1 839	415	999	642	417	1 203	1 310
Consultants and professional services: Business and advisory services	368 691	106 697	129 448	268 796	104 728	240 293	260 357
Consultants and professional services: Infrastructure and planning	38 178	4 420	2 835	38 840	61 828	56 125	57 464
Consultants and professional services: Laboratory service	–	–	–	50	27	1 927	2 019
Consultants and professional services: Legal costs	15	12	–	13	5	–	–
Contractors	5 564	32 688	12 191	826	140 968	176 410	178 258
Agency and support / outsourced services	6 182	10 825	10 132	58 551	37 290	80 026	83 727
Entertainment	56	18	14	230	194	1 689	1 736
Inventory: Food and food supplies	2 826	976	797	50	27	935	979
Inventory: Fuel, oil and gas	61	10 697	3 522	5	3	22 246	23 306
Inventory: Learner and teacher support material	–	–	–	1 325	704	2 701	2 830
Inventory: Materials and supplies	44 052	9 290	13 794	210	112	12 911	13 526
Inventory: Medical supplies	22	5	10	31	17	1	1
Inventory: Other consumables	1 439	37 170	9 584	1 386	747	6 097	6 382
Inventory: Stationery and printing	8 664	3 413	3 485	6 026	3 785	12 021	12 606
Lease payments	3 349	5 642	3 860	59 693	2 207	13 573	14 442
Owned and leasehold property expenditure	7 724	15 315	33 299	25	13	17 837	18 687
Transport provided: Departmental activities	–	–	400	80	43	190	199
Travel and subsistence	114 096	113 581	81 253	50 354	29 587	180 670	189 767
Training and development	593	1 036	780	2 349	31 430	32 894	32 949
Operating expenditure	363	793	1 243	3 023	1 674	3 052	3 167
Venues and facilities	332	1 555	806	4 657	2 667	4 288	4 404
Interest and rent on land	–	–	620	–	–	–	–
<b>Transfers and subsidies</b>	<b>254 304</b>	<b>471 573</b>	<b>679 494</b>	<b>1 015 626</b>	<b>982 579</b>	<b>574 000</b>	<b>384 000</b>
Provinces and municipalities	164 761	385 695	641 731	985 626	978 579	570 000	380 000
Public corporations and private enterprises	89 492	83 899	37 687	–	–	–	–
Non-profit institutions	2	–	–	–	–	–	–
Households	49	1 979	76	30 000	4 000	4 000	4 000
<b>Payments for capital assets</b>	<b>107 960</b>	<b>24 747</b>	<b>415 918</b>	<b>468 028</b>	<b>1 027 902</b>	<b>894 135</b>	<b>1 538 478</b>
Buildings and other fixed structures	102 762	17 442	314 393	415 000	1 008 070	889 000	1 533 000
Machinery and equipment	5 097	6 227	3 679	5 781	3 685	3 891	4 105
Software and other intangible assets	101	1 078	97 846	47 247	16 147	1 244	1 373
<b>Total</b>	<b>1 510 998</b>	<b>1 454 758</b>	<b>1 866 926</b>	<b>2 423 844</b>	<b>2 717 039</b>	<b>2 560 240</b>	<b>3 068 585</b>

**Table 34.18 Water Services (continued)**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>164 761</b>	<b>385 695</b>	<b>641 731</b>	<b>985 626</b>	<b>978 579</b>	<b>570 000</b>	<b>380 000</b>
Regional Services Council levies	249	–	–	–	–	–	–
Water services operating subsidy grant	164 512	385 695	641 731	985 626	978 579	570 000	380 000
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>89 492</b>	<b>83 899</b>	<b>37 687</b>	–	–	–	–
Water services operating subsidy indirect grant: Water boards	89 492	83 899	37 687	–	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	<b>2</b>	–	–	–	–	–	–
Non profit institutions	2	–	–	–	–	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>49</b>	<b>1 979</b>	<b>76</b>	<b>30 000</b>	<b>4 000</b>	<b>4 000</b>	<b>4 000</b>
Employer social benefits	49	1 979	76	30 000	–	–	–
Leave gratuities	–	–	–	–	4 000	4 000	4 000

**Table 34.19 Detail split of direct grant and indirect grants to municipalities**

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Water services operating subsidy grant</b>							
<b>Direct grants</b>							
<b>Transfers and subsidies</b>	<b>164 512</b>	<b>385 695</b>	<b>641 767</b>	<b>861 467</b>	<b>978 579</b>	<b>570 000</b>	<b>380 000</b>
Provinces and municipalities	164 512	385 695	641 767	861 467	978 579	570 000	380 000
<b>Indirect grants</b>							
<b>Current payments</b>	<b>796 465</b>	<b>490 837</b>	<b>426 915</b>	<b>269 040</b>	<b>135 199</b>	–	–
Compensation of employees	447 530	443 573	328 209	237 765	123 031	–	–
Goods and services	348 935	47 264	98 706	31 275	12 168	–	–
<b>Transfers and subsidies</b>	<b>89 492</b>	<b>83 898</b>	<b>37 671</b>	–	–	–	–
Public corporations and private enterprises	89 492	83 898	37 671	–	–	–	–
<b>Payments for capital assets</b>	<b>20 843</b>	<b>7 633</b>	–	–	–	–	–
Buildings and other fixed structures	17 861	3 603	–	–	–	–	–
Machinery and equipment	2 982	4 030	–	–	–	–	–
<b>Total grants</b>	<b>1 071 312</b>	<b>968 063</b>	<b>1 106 353</b>	<b>1 130 507</b>	<b>1 113 778</b>	<b>570 000</b>	<b>380 000</b>
VAT adjustment on trading account	–	141 625	–	252 563	–	278 667	297 792
<b>Total</b>	<b>1 071 312</b>	<b>1 109 688</b>	<b>1 106 353</b>	<b>1 383 070</b>	<b>1 113 778</b>	<b>848 667</b>	<b>677 792</b>
<b>Backlog schools and clinics</b>							
<b>Indirect grants</b>							
<b>Payments for capital assets</b>	–	–	<b>105 000</b>	<b>210 000</b>	<b>350 000</b>	–	–
Buildings and other fixed structures	–	–	105 000	210 000	335 000	–	–
Software and other intangible	–	–	–	–	15 000	–	–
<b>Total</b>	–	–	<b>105 000</b>	<b>210 000</b>	<b>350 000</b>	–	–
<b>Bulk infrastructure</b>							
<b>Indirect grants</b>							
<b>Payments for capital assets</b>	–	–	<b>300 000</b>	<b>450 000</b>	<b>611 500</b>	<b>839 000</b>	<b>1 475 340</b>
Buildings and other fixed structures	–	–	300 000	450 000	611 500	839 000	1 475 340
<b>Total</b>	–	–	<b>300 000</b>	<b>450 000</b>	<b>611 500</b>	<b>839 000</b>	<b>1 475 340</b>

## Expenditure trends

Expenditure increased substantially between 2005/06 and 2008/09, rising from R1.5 billion to R2.4 billion at an average annual rate of 17.1 per cent. This is due mainly to the additional allocations for developing bulk infrastructure. Over the MTEF period, expenditure is expected to grow from R2.4 billion in 2008/09 to R3.1 billion in 2011/12 at an average annual rate of 8.2 per cent. This is due to the additional allocation for the backlogs in water and sanitation at clinics and schools and developing bulk infrastructure.

From 2008/09 to 2011/12, the *Operations of Water Services* subprogramme decreases from R1.4 billion to R677.8 million at an average annual rate of 21.2 per cent due to the transfer of schemes and the reduction of funds transferred to the municipalities receiving water schemes. Expenditure on compensation of employees decreases from R532.6 million in 2005/06 to R200.6 million in 2011/12 due to the transfer of staff to the municipalities.

The *Water and Sanitation* subprogramme grew at an average annual rate of 52.1 per cent between 2005/06 and 2008/09 due to new allocations for bulk infrastructure and the introduction of the water and sanitation at schools and clinics grant in 2007/08. The high growth trend continues over the 2009 MTEF period due to the additional allocation of R1 billion for the bulk infrastructure grant. Over the 2009 MTEF period, the *Institutional Support* subprogramme grows at an average annual rate of 34.4 per cent due to the alignment of structures by the department to strengthen policy and regulatory functions.

## Programme 4: Forestry

- *Forestry Oversight* oversees the forestry sector, develops policies to support sustainable forest management, and ensures that policies at all levels of government are coherent. It further oversees: international liaison on sustainable forest management; governance; sector foresight and liaison; research; the national forest programme; capacity building; and the promotion of black economic empowerment (BEE) through policy initiatives. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Sustainable Forest Management* supports the sustainable management of state forests to optimise social and economic benefits in rural areas and to ensure the participation of stakeholders. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forests and Fire Regulation* ensures compliance with the National Forests Act (1998) and the National Veld and Forest Fire Act (1998), and supports rural socioeconomic development through access and use of state forests and developing systems and strategies for preventing, managing and monitoring veld and forest fires. The name of this subprogramme has changed. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forests and Fire Governance* supports sustainable forest management by monitoring forestry management and ensuring that there is sufficient capacity at the local level for implementing forestry legislation. It further provides technical advice to, and support for the organisation and operation of local institutions to prevent veld and forest fires and to achieve fire management goals in general. The name of this subprogramme has changed. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forestry Development* develops strategies and forest enterprise development programmes that support BEE and that enable communities to make use of tree and forest resources to improve their livelihoods. This includes international liaison, which promotes forestry development in South Africa, the SADC region and Africa. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forestry Enterprise Development and Livelihoods* supports the implementation of programmes that enable communities to participate in the benefits of forestry to generate economic growth and sustain livelihoods. This is a new subprogramme. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.

- *Forest Technical and Information Services* ensures sustainable use of the natural resource base through the management of the overall system for forestry data, information and knowledge, including spatial and non-spatial forestry information. This is a new subprogramme.
- *Regional Forestry Information Services* ensures access to forestry information by sector stakeholders and the gathering of information by the regions. This is a new subprogramme. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *State Forest Transfer and Regulation* deals with the transfer and post-transfer administration and regulation of state forests. It includes the management of delegations and legal agreements on state forests and the collection and management of lease rentals. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *State Forest Administration and Oversight* implements and negotiates the transfer of state forests and monitors the post-transfer management of forests and relations with stakeholders. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forestry Management and Support* funds efficient general administration and management support for the programme. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.
- *Forestry Support Services* provides technical, financial and general administration support for regional forestry activities. Funding will mainly be used for compensation of employees and their related expenditure on goods and services.

### **Objectives and measures**

- Ensure the sustainable management of all natural forests, woodlands and plantations through effective implementation of the National Forests Act (1998), including the development, implementation and enforcement of regulations.
- Reduce incidents of veld, forest and mountain fires by:
  - registering fire protection associations and assisting them
  - raising public awareness through fire prevention campaigns
  - developing and implementing a national fire danger rating system by 2009/10
  - upgrading the national veld information system by 2009/10.
- Improve the contribution of the forestry sector to skills development by developing and implementing a sector skills plan by 2009/10.
- Raise the profile of forestry as a sector by raising awareness and regularly sharing information through the printed and electronic media, extension services and direct communication.
- Increase the contribution of the forestry sector to improve livelihoods and address poverty eradication by:
  - implementing the greening programme, including the Million Trees programme
  - establishing ongoing support mechanisms for participatory forest management and community forestry.
- Accelerate transformation and growth in the forestry sector in line with the targets in the Forest Sector Transformation Charter and the forestry strategy.

### **Service delivery and spending focus**

In 2006/07, over 420 000 hectares of mountain catchments previously designated as state forest land were released for transfer to Western Cape. Another 98 000 hectares of coastal grassland and forest areas at St Lucia were transferred and incorporated into the Department of Environmental Affairs and Tourism's iSimangaliso Wetland Park Authority. The Dukuduku state forest was deproclaimed to allow for the formalisation of human settlements, as recommended by Cabinet. Cabinet also approved the recommissioning of 22 000 hectares of forestry area in Western Cape, aimed at minimising the impact on job losses and creating opportunities for BEE initiatives, and improving conditions for integrated landscape management.

A strategic environmental assessment was prepared for the Mzimvubu to Keiskamma water management area, which includes most of the afforestable land in Eastern Cape. The assessment identified at least 100 000 hectares of land which could be afforested, taking into account environmental, economic and social opportunities and constraints. Applications for afforestation have increased substantially, from 800 hectares in 2004/05, to 1 000 hectares in 2005/06 and 5 500 hectares in 2006/07.

The Million trees programme was launched in 2007. The department aims to promote the planting of 1 million trees a year, of which 70 per cent should be fruit trees and 30 per cent indigenous ornamentals. 1.1 million trees were planted by various programme partners in the first three quarters of 2008/09.

The Forest Sector Charter was approved by the minister, the forestry industry, and other government departments in May 2008.

Following the high quality output of the National Forests Advisory Council over the past 3 years, the minister has extended the council's term of office by another year.

## Expenditure estimates

**Table 34.20 Forestry**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Forestry Oversight	6 987	9 623	20 044	15 762	16 614	17 570	18 623
Sustainable Forest Management	268 764	315 631	332 242	357 249	333 398	353 489	374 855
Forests and Fire Regulation	7 753	9 974	4 795	9 487	9 953	10 525	11 155
Forests and Fire Governance	295	9 371	1 184	2 382	2 497	2 633	2 825
Forestry Development	3 230	4 883	5 527	6 522	12 042	12 434	26 763
Forestry Enterprises Development and Livelihoods	26 052	20 524	19 076	27 403	32 167	42 772	60 665
Forest Technical and Information Services	4 082	5 933	3 028	12 409	13 049	13 799	14 626
Regional Forestry Information Services	1 376	577	127	2 481	2 602	2 744	2 910
State Forest Transfer and Regulation	281	643	4 680	2 759	2 902	2 980	3 158
State Forest Administration and Oversight	69 886	22 231	24 305	22 674	23 305	25 004	26 468
Forestry Management and Support	1 265	969	4 846	1 456	2 525	2 688	2 883
Forestry Support Services	30 948	40 881	31 223	32 390	34 587	36 023	38 182
<b>Total</b>	<b>420 919</b>	<b>441 240</b>	<b>451 077</b>	<b>492 974</b>	<b>485 641</b>	<b>522 661</b>	<b>583 113</b>
Change to 2008 Budget estimate				46 792	14 242	22 330	52 762

### Economic classification

	398 542	423 811	446 497	481 719	469 882	506 203	565 902
<b>Current payments</b>							
Compensation of employees	250 263	254 234	273 983	331 801	326 449	344 709	365 558
Goods and services	148 122	168 922	171 858	149 176	142 651	160 665	199 465
<i>of which:</i>							
<i>Administrative fees</i>	1 142	1 240	1 124	1 589	1 150	1 228	1 303
<i>Advertising</i>	1 454	3 682	5 279	1 380	1 465	1 564	1 658
<i>Assets less than R5 000</i>	1 718	2 009	2 623	15 105	12 580	13 431	14 244
<i>Bursaries: Employees</i>	118	140	15	60	64	68	72
<i>Catering: Departmental activities</i>	396	624	1 002	214	227	242	257
<i>Communication</i>	7 048	7 571	7 219	5 383	5 713	6 099	6 468
<i>Computer services</i>	16	93	2 514	989	1 050	1 121	1 188
<i>Consultants and professional services: Business and advisory services</i>	21 457	2 306	28 325	20 148	20 977	30 764	61 707
<i>Consultants and professional services: Infrastructure and planning</i>	17 733	27 656	2 501	5 229	5 549	5 925	6 283
<i>Consultants and professional services: Laboratory service</i>	–	2 365	–	–	–	–	–
<i>Contractors</i>	3 097	3 361	288	1 904	2 021	2 157	2 288
<i>Agency and support / outsourced services</i>	9 708	18 987	12 167	13 688	14 527	15 509	16 447
<i>Entertainment</i>	19	15	24	2	2	2	2

Table 34.20 Forestry (continued)

R thousand Economic classification	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Current payments</b>	<b>398 542</b>	<b>423 811</b>	<b>446 497</b>	<b>481 719</b>	<b>469 882</b>	<b>506 203</b>	<b>565 902</b>
<i>Inventory: Food and food supplies</i>	620	1 079	1 185	538	571	610	646
<i>Inventory: Fuel, oil and gas</i>	2 171	2 375	2 581	4 181	2 102	2 245	2 380
<i>Inventory: Materials and supplies</i>	6 226	13 368	2 792	8 145	7 132	7 614	8 075
<i>Inventory: Medical supplies</i>	28	29	31	44	31	33	35
<i>Inventory: Other consumables</i>	7 744	7 624	30 543	9 521	8 459	9 032	9 578
<i>Inventory: Stationery and printing</i>	1 541	1 896	1 554	2 001	2 124	2 267	2 404
<i>Lease payments</i>	234	1 850	2 627	4 483	1 733	1 850	1 962
<i>Owned and leasehold property expenditure</i>	5 287	6 071	7 483	4 409	2 450	2 616	2 774
<i>Transport provided: Departmental activities</i>	2	51	369	429	154	164	174
<i>Travel and subsistence</i>	58 716	62 537	58 212	47 732	50 445	53 856	57 114
<i>Training and development</i>	738	946	460	325	345	368	391
<i>Operating expenditure</i>	734	737	289	1 288	1 367	1 459	1 548
<i>Venues and facilities</i>	175	310	651	389	413	441	467
<i>Interest and rent on land</i>	157	655	656	742	782	829	879
<b>Transfers and subsidies</b>	<b>17 787</b>	<b>13 029</b>	<b>2 625</b>	<b>2 700</b>	<b>6 683</b>	<b>6 837</b>	<b>7 008</b>
Provinces and municipalities	804	222	42	-	-	-	-
Departmental agencies and accounts	16 981	-	(1)	-	-	-	-
Public corporations and private enterprises	-	12 807	2 550	2 700	2 683	2 837	3 008
Households	2	-	34	-	4 000	4 000	4 000
<b>Payments for capital assets</b>	<b>4 590</b>	<b>4 400</b>	<b>1 955</b>	<b>8 555</b>	<b>9 076</b>	<b>9 621</b>	<b>10 203</b>
Buildings and other fixed structures	78	-	87	-	-	-	-
Machinery and equipment	4 240	4 400	1 564	8 378	8 825	9 355	9 920
Biological and cultivated assets	30	-	165	-	-	-	-
Software and other intangible assets	242	-	139	177	251	266	283
<b>Total</b>	<b>420 919</b>	<b>441 240</b>	<b>451 077</b>	<b>492 974</b>	<b>485 641</b>	<b>522 661</b>	<b>583 113</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>804</b>	<b>222</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Regional Services Council levies	804	222	42	-	-	-	-
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>16 981</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Electricity Distribution Industry Holdings	-	-	(1)	-	-	-	-
South African Forestry Company	16 981	-	-	-	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>2 550</b>	<b>2 700</b>	<b>2 683</b>	<b>2 837</b>	<b>3 008</b>
Indigenous Knowledge Systems of South Africa Trust	-	-	-	100	100	106	112
Forestry and Agricultural Biotechnology Institution	-	-	-	100	100	106	112
International forestry students symposium	-	-	100	100	100	106	112
Forestry SA: Subsidy research	-	-	-	2 400	2 383	2 519	2 672
South African Forestry Company	-	-	2 450	-	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>-</b>	<b>12 807</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
YORKOR	-	12 807	-	-	-	-	-
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 000</b>	<b>4 000</b>	<b>4 000</b>
Leave gratuities	-	-	-	-	4 000	4 000	4 000
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>2</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Social benefits	2	-	34	-	-	-	-

## Expenditure trends

Expenditure increased from R420.9 million in 2005/06 to R493 million in 2008/09 at an average annual rate of 5.4 per cent. Over the 2008 MTEF period, Cabinet approved an additional amount of R12 million for the Million Trees programme, which is implemented through *the Forestry Development* subprogramme and the *Forestry Enterprise Development and Livelihoods* subprogramme. Programme expenditure will gradually increase over the MTEF period, to R583.1 million in 2011/12, at an average annual rate of 5.8 per cent. In 2011/12, an additional R30 million was approved for growing the forestry sector through the *Forestry Development* and *Forestry Enterprise Development and Livelihoods* subprogrammes.

The *Forest Technical and Information Services* subprogramme increased by 309.8 per cent in 2008/09. Due to the change in the programme's structure, funds for information services, previously allocated across the various subprogrammes, have been consolidated.

Transfer payments increase by 147.5 per cent in 2009/10 because the department entered into two memorandums of understanding, one with Forestry South Africa and one with the Indigenous Knowledge Systems Association of South Africa. Capital assets increased by 337.6 per cent in 2007/08 because funds in the programme were reprioritised to enable the department to procure machinery and equipment needed for plantation management.



## Additional tables

**Table 34.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
	2007/08		2007/08	2008/09			2008/09
R thousand							
1. Administration	502 110	535 649	601 181	586 696	4 990	591 686	585 786
2. Water Resources Management	2 430 032	2 902 762	2 466 212	3 238 399	289 713	3 528 112	3 028 112
3. Water Services	1 913 660	1 913 660	1 866 926	2 427 999	(4 155)	2 423 844	2 363 844
4. Forestry	460 545	510 442	451 077	446 182	46 792	492 974	488 974
<b>Total</b>	<b>5 306 347</b>	<b>5 862 513</b>	<b>5 385 396</b>	<b>6 699 276</b>	<b>337 340</b>	<b>7 036 616</b>	<b>6 466 716</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>3 175 667</b>	<b>2 959 274</b>	<b>2 854 189</b>	<b>3 786 772</b>	<b>(546 763)</b>	<b>3 240 009</b>	<b>3 234 109</b>
Compensation of employees	1 098 896	1 365 435	1 162 630	1 265 483	66 900	1 332 383	1 326 483
Goods and services	2 076 053	1 593 121	1 686 583	2 520 537	(613 653)	1 906 884	1 906 884
Interest and rent on land	718	718	1 278	752	(10)	742	742
Financial transactions in assets and liabilities	–	–	3 698	–	–	–	–
<b>Transfers and subsidies</b>	<b>2 030 204</b>	<b>2 439 639</b>	<b>2 052 568</b>	<b>2 834 749</b>	<b>433 249</b>	<b>3 267 998</b>	<b>2 767 998</b>
Provinces and municipalities	550 000	722 027	732 926	861 467	133 249	994 716	994 716
Departmental agencies and accounts	1 347 839	1 625 839	1 190 161	1 936 898	260 000	2 196 898	1 696 898
Public corporations and private enterprises	103 632	39 040	41 737	2 700	–	2 700	2 700
Foreign governments and international organisations	525	525	510	572	–	572	572
Non-profit institutions	340	340	350	387	–	387	387
Households	27 868	51 868	86 884	32 725	40 000	72 725	72 725
<b>Payments for capital assets</b>	<b>100 476</b>	<b>463 600</b>	<b>478 639</b>	<b>77 755</b>	<b>450 854</b>	<b>528 609</b>	<b>464 609</b>
Buildings and other fixed structures	23 625	367 309	330 957	5 559	413 000	418 559	358 559
Machinery and equipment	74 352	46 163	44 475	56 281	2 760	59 041	55 041
Cultivated assets	–	–	165	–	–	–	–
Software and intangible assets	2 499	50 128	103 042	15 915	35 094	51 009	51 009
<b>Total</b>	<b>5 306 347</b>	<b>5 862 513</b>	<b>5 385 396</b>	<b>6 699 276</b>	<b>337 340</b>	<b>7 036 616</b>	<b>6 466 716</b>

**Table 34.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
<b>Permanent and full time contract employees</b>							
Compensation (R thousand)	1 105 317	1 201 864	1 136 851	1 238 818	1 229 886	1 216 109	1 301 611
Unit cost (R thousand)	149	161	154	114	113	112	120
Personnel numbers (head count)	7 399	7 469	7 399	10 848	10 848	10 848	10 848
<b>Part time and temporary contract employees</b>							
Compensation (R thousand)	21 343	22 410	23 530	91 205	95 497	95 497	95 497
Unit cost (R thousand)	74	77	81	85	89	89	89
Personnel numbers (head count)	290	290	290	1 073	1 073	1 073	1 073
<b>Interns</b>							
Compensation of interns (R thousand)	1 981	2 142	2 249	2 360	2 480	2 480	2 480
Unit cost (R thousand)	55	54	56	59	62	62	62
Number of interns	36	40	40	40	40	40	40
<b>Total for department</b>							
<b>Compensation (R thousand)</b>	<b>1 128 641</b>	<b>1 226 416</b>	<b>1 162 630</b>	<b>1 332 383</b>	<b>1 327 863</b>	<b>1 314 086</b>	<b>1 399 588</b>
<b>Unit cost (R thousand)</b>	<b>146</b>	<b>157</b>	<b>150</b>	<b>111</b>	<b>111</b>	<b>110</b>	<b>117</b>
<b>Personnel numbers (head count)</b>	<b>7 725</b>	<b>7 799</b>	<b>7 729</b>	<b>11 961</b>	<b>11 961</b>	<b>11 961</b>	<b>11 961</b>
<b>Learnerships</b>							
Payments for learnerships (R thousand)	2 900	3 043	3 197	3 357	3 524	3 524	3 524
Number of learnerships (head count)	189	189	189	189	189	189	189

**Table 34.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R thousand)	1 128 641	1 226 416	1 365 435	1 905 181	1 974 681	1 974 681	1 974 681
Training expenditure (R thousand)	34 917	37 012	38 863	40 806	63 115	65 701	67 335
Training as percentage of compensation	3.1%	3.0%	2.8%	2.1%	3.2%	3.3%	3.4%
Total number trained in department (head count)	2 195	2 181	2 220	2 923			
<i>of which:</i>							
Employees receiving bursaries (head count)	164	392	384	364			
Leaverships trained (head count)	189	189	189	189			
Internships trained (head count)	36	40	40	96			
Households receiving bursaries (R thousand)	240 000	630 000	630 000	16 156	15 000	15 900	16 854
Households receiving bursaries (head count)	16	42	42	120			

**Table 34.D Summary of conditional grants to provinces and municipalities<sup>1</sup>**

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Conditional grants to municipalities</b>							
<b>3. Water Services</b>							
Water services operating subsidy grant	164 512	385 695	641 714	985 626	978 579	570 000	380 000
Municipal drought relief grant	–	–	91 212	9 000	–	–	–
<b>Total</b>	<b>164 512</b>	<b>385 695</b>	<b>732 926</b>	<b>994 626</b>	<b>978 579</b>	<b>570 000</b>	<b>380 000</b>

1. Detail provided in the Division of Revenue Act (2009)

**Table 34.E Summary of departmental public private partnership projects**

Project description: National fleet project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate			
			2008/09	2009/10	2010/11	2011/12
R thousand						
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>535 060</b>	<b>106 757</b>	<b>112 096</b>	<b>117 700</b>	<b>124 762</b>	
PPP unitary charge <sup>1</sup>	535 060	106 757	112 096	117 700	124 762	
<b>Total</b>	<b>535 060</b>	<b>106 757</b>	<b>112 096</b>	<b>117 700</b>	<b>124 762</b>	

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport.

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	The provisioning of fleet management services to the national Department of Transport
Brief description	The monthly hiring of long term and short term vehicles
Date public private partnership agreement was signed	14 November 2006 with the National Department of Transport
Duration of public private partnership agreement	5 years, starting on 14 November 2006
Escalation index for unitary fee	Based on annual CPIX, revised every year on 14 November

Table 34.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate				
						2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	
R thousand													
Foreign													
In cash													
European Union	Water and sanitation services	Water Services	1 391 000	Goods and services	Close collaboration with Department of Provincial and Local Government to support delivery. Increased effort by sector partners to fast track procurement, service delivery and build capacity for sustainable services	148 561	237 410	281 065	418 450	108 229	429 440		-
Finland	Working for Water programme	Water Resources Management	-	Goods and services	Vulindla skills project: Non profit organisations work	335	-	23	-	-	-		-
France	Community water supply and sanitation	Water Services	-	Goods and services	Construction of 4 boreholes, 6 control rooms, reticulation networks to 102 communal taps	-	-	-	-	-	-		-
Ireland	Water and sanitation programme	Water Services	279 500	Goods and services	Interactive video to induct new councillors	13 711	35 625	43 290	52 319	52 460	52 460		52 460
Netherlands	Community water supply and sanitation	Water Services	-	Goods and services	Improved water supply in the 3 completed villages with objectives and measures done by the municipality	-	-	-	-	-	-		-
Norway	Sustainable development of ground water	Water Services	-	Goods and services	Capacity building of village builders, technical team and local entrepreneurs	1 681	-	-	-	-	-		-
Republic of China	Community forestry	Forestry	195	Goods and services	A Win Compass computer system, 3 Vertex hypsometers and 2 Global Positioning systems were procured, as well as project planning and road mapping which was done at Injaka state forest	-	1	-	194	-	-		-
United Kingdom	Water services: Masibambane programme	Water Services	-	Goods and services		-	2 058	-	-	-	-		-
Flanders	Water and sanitation for deep rural areas	Water Services	-	Goods and services	Improved water supply in the 3 completed villages with objectives and measures done by the municipality. Local municipalities and water and sanitation committees ran projects in identified villages and had training sessions. Established awareness campaigns in the water villages	4 595	4 134	-	-	-	-		-
African Renaissance Fund	Upgrading of hydrometric equipment in Lesotho	Water Resources Management	-	Goods and services	3 gauging stations in Lesotho equipped with electronic data capturing equipment	1 179	-	1 151	1 500	1 470	-		-

Table 34.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome		Estimate 2008/09	Medium-term expenditure estimate			
						2005/06	2006/07		2007/08	2009/10	2010/11	2011/12
R thousand												
Foreign In cash												
Denmark	Community water supply and sanitation	Water Services	-	Goods and services	Create awareness and capacitate communities to implement projects that protect, use, develop, conserve, manage and control water resources	-	3 447	2 281	4 972	12	7	-
Switzerland	Local government capacity building	Water Services	9 800	Goods and services	Collaboration with Water Information Network South Africa and 3 resource centres: India, Pakistan and the Netherlands. Launched the learning journal manual workshop	2 000	3 000	3 500	800	-	-	-
In kind												
China	Pipes and water meters	Water Services	125 522	Goods and services	Phase I: US\$15 million pipes were implemented, 39 per cent of water meters were implemented, water pipes were delivered to 150 different projects in 5 provinces, 37 per cent of pipes were implemented, and 80 000 of the 220 000 water meters were received and distributed to all 9 provinces	85 122	35 900	4 500	-	-	-	-
United Kingdom	Support to water services	Water Services	-	Goods and services	National framework agreement enforcement policy	5 121	4 237	2 867	-	-	-	-
United Kingdom	Corporate institutional transformation	Administration	-	Goods and services	Stream flow reduction allocations streamlining support	8 807	-	-	-	-	-	-
United Kingdom	Support to water resources	Water Resources Management	-	Goods and services	Training material on national framework allocation	11 238	6 742	12 347	-	-	-	-
United Kingdom	Partners for water and sanitation	Water Resources Management	-	Goods and services	Terms of reference for the appointment of an international technical advisor were developed. 3 regional coordinators were appointed. 20 capacity building initiatives were being developed	-	250	137	-	-	-	-
The Netherlands	Twinning arrangement with Dutch water boards	Water Resources Management	-	Goods and services	In phase I, the following were established: Resource Direct Measures training network; groundwater training network; beneficial use of water network; wetlands training network. The further education and training water guideline was developed	-	600	1 615	-	2 080	-	-
<b>Total</b>			<b>1 8006 017</b>			<b>282 350</b>	<b>333 404</b>	<b>352 776</b>	<b>478 235</b>	<b>164 251</b>	<b>481 907</b>	<b>52 460</b>

Table 34.G Summary of expenditure on infrastructure

R thousand	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
	<b>Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)</b>										
	Dam	Water supply to new mining developments, supplementation of water supplies to Polokwane and to supply water for primary use to various communities on the Nebo Plateau and Steelpoort valley	Construction	2 278 203	17 958	58 162	178 807	664 346	533 691	454 474	271 434
	ORWRDP (Ph2B-I): Bulk distribution	Bulk distribution works from Flag Boshielo to Mokopane, De Hoop to Steelpoort link, Steelpoort to Mochihoek, Supply to Lebalelo, Lebalelo to Olifantspoort, De Hoop to Steelpoort, Nebo Plateau and Roosenekal	Design	900 000	-	-	-	22 800	100 000	342 000	321 800
	Dam Safety rehabilitation	Rehabilitation of dams and dam safety work	Design / Construction	2 129 554	218 391	380 779	704 347	456 684	479 640	524 245	320 682
	Nandoni Distribution	Water Supply to the Vhembe District Municipality	Construction	918 590	-	94 445	97 345	131 100	171 402	148 200	114 000
	Mokolo River Augmentation	Augmentation of water supply to the new power station(s); extensions mining activities and fast growing population in the area.	Planning / Design	934 800	-	-	-	-	11 400	37 612	364 800
	Nwamitwa Dam	To meet the projected growing primary supply requirements to the year 2025, to improve the water availability for the riverine ecosystem and to stabilise water availability to the irrigation sector including the establishment of resource poor farmers	Planning / Design	1 254 000	-	-	-	36 507	182 376	216 653	257 218
	<b>Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)</b>										
	Inyaka WTW Ph 11	Supply of water to Bohlabela District Municipality	Construction	522 975	6 725	37 184	38 594	57 000	85 500	68 400	51 300
	Hluhluwe Ph 111	Construction of reservoirs & pipelines	Construction	258 632	-	-	30 038	45 600	51 300	37 620	14 467
	Nandoni Water Treatment Works	Water supply to the Vhembe District Municipality	Construction	438 135	102 123	55 766	103 634	85 500	17 100	2 280	-

Table 34.G Summary of expenditure on infrastructure (continued)

R thousand	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2008/09	Medium-term expenditure estimate		
					2005/06	2007/08		2009/10	2010/11	2011/12
	<b>Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)</b>									
	Raising Of Clan William	Dam	Upgrading of the existing dam to stabilize the distortion and the augmentation of water supply to meet increasing demands.	Planning / Design	661 770	-	-	45 600	67 830	216 600
	<b>Small projects or programmes (costing less than R50 million per annum)</b>									
	Hazelmere Dam Raising	Dam: radial crest gates	Augmentation of water supply to Umgeni Water for treatment to KZN north coast: Mdloti to Thukela areas	Planning / Design	68 400	-	34 200	34 200	-	-
	Middle Letaba	Water treatment works, pump station, pipeline	Augmentation of water supply	Construction	97 436	14 355	53 922	-	-	-
	<b>Total</b>				<b>10 462 495</b>	<b>359 552</b>	<b>1 165 858</b>	<b>1 712 209</b>	<b>1 899 314</b>	<b>1 932 301</b>

